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Daily Report

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Indonesia's Alatas Opens ASEAN Regional Forum

BK2307131096 (Internet) Association of Southeast Asian Nations Secretariat WWW in English 23 Jul 96

["Opening remarks" by Indonesian Foreign Minister Ali Alatas to the ASEAN Regional Forum in Jakarta on 23 July]

[FBIS Transcribed Text] Distinguished Colleagues:

Let me begin by extending to all of you a most cordial welcome to the Third ASEAN Regional Forum. (ARF). I deem it a privilege to be given the opportunity to chair this meeting, convened to discuss a range of issues relevant to peace and security in the Asia-Pacific region.

I should like to take this opportunity to especially welcome His Excellency Mr. I.K. Gujral, the Foreign Minister of India, and His Excellency Mr. U. Ohn Gyaw, the Foreign Minister of Myanmar [Burma], in our midst. India and Myanmar are joining us as new participants and I am confident that their participation will enrich our discussions and contribute to the achievement of ARF's key objectives.

Since the second ARF Meeting in Bandar Seri Begawan last year, the security situation of the Asia-Pacific region has remained generally tranquil and stable—as it has been for quite some time. During all that time, no interstate war in the classical sense has broken out in our part of the world. According to the 1995 SIPRI [expansion unknown] report, although 31 major armed conflicts were waged in 27 locations around the world in 1995, none of these were fought in the Asia-Pacific region.

During that same period, the economies of the region, particularly those of East Asia, expanded at a tremendous pace, outstripping the rest of the world in GDP growth and prompting economists to predict that the Asia-Pacific would become the world's economically dominant region in the next century. This is no coincidence. Enjoying relative peace, the countries of our region have been able to focus their attention and their resources on the pursuit of national development without the distractions of violent conflict with other countries or critical security threats. In such a stable situation, trade and other forms of economic cooperation have flourished.

To a large extent, therefore, the economic dynamism and progress that the region is enjoying today are the fruits of peace. Conversely, it can also be said that the buoyancy of these economies has contributed to peace in the region. Indeed, peace and development are inextricably linked. We are therefore determined to pursue both with equal vigour and conviction. Though the accom-

plishments of the region in the pursuit of both peace and development has been widely regarded as phenomenal, we cannot and must not be complacent. The region is by no means free of tension and the anxiety of potential conflict. We still have to live with actual problems and potential security challenges, including unresolved territorial disputes and overlapping claims to sovereignty. If not properly managed and settled through peaceful means, these could well intensify and possibly erupt into armed conflicts. We therefore have to tackle these problems and challenges with wisdom, patience and a willingness to take into consideration one another's security concerns and interest. This is precisely the approach we are trying to nurture in the dialogues, exchanges of views and sharing of information within the ARF process. It is also important to acknowledge the limits of what can be expected of the ARF process at this stage of its development.

As pointed out in the ASEAN Concept Paper presented during the Second ARF, it would be unrealistic to expect a young and fragile process such as this Forum to be able to tackle at once all security challenges in the region. Adopting an evolutionary approach, we have therefore agreed to gradually bring about the development of the ARF in stages: First, the promotion of Confidence-Building Measures (CBMs), followed by the development of Preventive Diplomacy Mechanisms, and hence the elaboration of approaches to conflict-resolution. The idea is that ARF should not move "too fast for those who want to go slow, nor too slow for those who want to go fast". In accordance with this evolutionary approach, the ARF has focused on activities relevant to the first stage, the promotion of Confidence-Building Measures (CBMs). This approach, however, wisely allows some flexibility. Thus, the discussion of activities and means to implement preventive diplomacy can proceed in tandem with the promotion of CBMs, particularly where the subject matters overlap.

Meanwhile, the ARF undeniably represents a Forum that can facilitate the establishment of a regional order in which all countries in the Asia-Pacific region could live in peace and harmony and where their relationships and interactions will be guided by a code of conduct to be commonly fashioned and agreed upon. Such a regional order is already germinating with the agreements, arrangements and processes for both security and economic development that the various countries of the region have fashioned so far. These include AFTA [ASEAN Free Trade Area], APEC, the TAC [Trade Action Committee], the SEANWFZ [Southeast Asian Nuclear Weapons Free Zone] and the ARF itself. An overarching blueprint could eventually be developed, inter alia on the basis of the principles and guidelines

presently being worked out within the ASEAN concept of ZOPFAN [Zone of Peace, Freedom, and Neutrality].

If such a regional order is achieved and I am optimistic that it can be achieved, it will not only ensure the stability and prosperity of the region but will also be a major contribution to the shaping of a world of greater peace, justice and shared prosperity.

Distinguished Colleagues:

Aside from discussing global and regional security issues in a free-flowing manner, we shall be reviewing and evaluating the progress that this Forum has so far achieved since our last meeting in Bandar Seri Begawan. I am happy to note that all the Track I and Track II activities recommended during ARF II have been carried out. Indeed, these activities have enhanced the level of mutual confidence among ARF participants. At this meeting we should now consider a number of proposed new Track I and Track II activities and other proposals that will carry the ARF process forward.

As to the long-term prospects of the ARF, much of it hinges on the quality of the participation in this Forum. For this reason, we agreed during the Second ARF that we study carefully the issue of future participation and develop a set of criteria for such participation which we would consider for adoption in this meeting. After extensive and intensive consultations on this issue we now have on hand a set of criteria for future participation in the ARF which are being proposed for formal adoption by this meeting. These proposed criteria have been based on a set of guiding principles which stipulate that any new participant must subscribe to and cooperate to help achieve the ARF's key goals. Moreover, the ARF should only admit participants that can directly affect the peace and security of the area of the East Asia and Pacific region on which the ARF shall focus its peace-building and peace-making efforts. The guidelines also enjoin us to proceed with the expansion of ARF with care and caution and to see to it that all questions about participation are decided by consultation among all participants.

Excellencies and Dear Colleagues:

It is heartening to note that the mood in all ARF meetings since the Forum was launched have been positive throughout, with participants expressing their views in an open and candid manner without generating tension or acrimony. This is to be welcomed for we do need an atmosphere of candour, mutual trust and goodwill in order to be able to effectively address the many delicate and sensitive issues on which we often need to reconcile divergent views.

We must maintain this spirit of candour, trust and goodwill as we carry the ARF process forward systematically and judiciously in a rapidly changing world. For that is the essence of the art of making progress: To maintain order in the course of change and to pursue change in orderly fashion.

PRC's Qian Qichen Addresses ASEAN Regional Forum

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[Statement by Qian Qichen, PRC vice premier and foreign minister, to the ASEAN Regional Forum in Jakarta, Indonesia on 23 July]

[FBIS Transcribed Text] Your Excellency Mr. Chairman, Foreign Minister Alatas, Dear Colleagues:

First of all, please allow me an opportunity to express our gratitude toward our host, Indonesia, for the gracious hospitality. The Indonesian Government, as the Chair of this Meeting, and the ASEAN side did a great deal of useful work in preparing this Meeting and I wish to express our appreciation. I would also like to take the opportunity to welcome two of China's friendly neighbours, India and Myanmar [Burma], as new members of the Forum. It is my hope that through the joint efforts of all members, this Meeting will be a success.

Situation

At present, the Asia-Pacific region enjoys relative political stability, rapid economic growth and continuously enhanced cooperation. Despite a host of challenges and problems, our region, viewed as a whole, has already entered a period of lasting peace and development. This conclusion is mainly based on the following:

- (i) The Asia-Pacific region as a whole, East Asia in particular, is a scene of robust economic growth. As all countries have taken economic development as their primary task, it has thus become their greatest common interest to maintain a peaceful environment that conduces to economic growth.
- (ii) Intra-regional economic links have been significantly strengthened while interaction and interdependence among states steadily enhanced, thus laying a solid economic foundation for regional security.
- (iii) Bloc confrontation and local conflict of the Cold War-style no longer exist in our region. Coordination and cooperation among states have increasingly become the mainstream.
- (iv) The old and new problems in this region have been by and large brought under control and dialogue

and negotiation have become the main instrument in handling disputes between states.

In my view, the above-mentioned factors have a long-term effect and peace and stability in the Asia-Pacific region can be maintained for a long time.

As for the region's destabilizing factors and uncertainties, it is not surprising that Forum members might have different views due to their different perspectives and interests. In keeping with the current trend of the times and in light of the characteristics of the Asia-Pacific region, we call for increased mutual understanding and mutual trust through dialogue and consultation, and also for stronger regional security and political security through broader and deeper economic exchange and partnership, joint participation and close cooperation. ARF [ASEAN Regional Forum] has provided its members with a good opportunity to increase trust and cooperation. What we should cultivate here together is a new approach to regional security.

China

Mr. President:

As a country in the Asia-Pacific, China attaches great importance to the region's security environment, deeply interested in and consistently committed to stepping up dialogue and cooperation with the other countries. China owes its rapid and sound economic growth over the past decade and more to the stable and tranquil regional environment, whereas an economically prosperous China has also contributed to the region's stability and prosperity. Economic development and improvement of its people's life are the long-term tasks facing China. While continuing to work actively for regional peace and development, China will fulfill its responsibilities and obligations as a major power. A stronger Chinese economy poses no threat to any country. On the contrary, if China, a country of 1.2 billion people, should be bogged down in poverty and chaos, that would have an adverse effect on regional stability.

China attaches importance to enhancing mutual understanding and mutual trust with the other Asia-Pacific countries. To this end, we have conducted extensive political dialogues and military exchanges with many ARF members. Last November, China issued a white paper on the country's arms control and disarmament. In April this year, China signed with Russia, Kazakhstan, Kyrgyzstan and Tajikistan the Agreement on Confidence-Building in the Military Field in the Border Areas. This agreement, instead of targeting at any third country, highlights friendship, good-neighbourliness and stronger political trust. The signing of this agreement has exerted

a positive influence on the maintenance and the further promotion of peace and stability in the Asia-Pacific region. China is ready to work with other surrounding countries to explore and gradually work out appropriate confidence-building measures on the basis of mutual respect and equality. As a forum designed to increase mutual trust among members, ARF may as well encourage countries with common borders to adopt, on a bilateral basis, appropriate confidence-building measures.

China always stands for settlement of disputes concerning sovereignty and maritime rights and interests through peaceful negotiations with relevant countries, and has worked actively to this end. In May of this year, China's National People's Congress ratified the U.N. Convention on the Law of the Sea and, at the same time, the Chinese Government announced the baselines of part of its territorial sea, thus creating a better condition for negotiations and consultations between China and the relevant countries. China stands for "shelving the disputes while going in for joint development" pending a solution, and has conducted consultations with the Philippines, Vietnam and Malaysia with constructive results. The situation in the Nansha area at present is stable.

On nuclear testing. To respond to the pleas of the vast number of non-nuclear-weapon states and to push ahead CTBT [Comprehensive Test Ban Treaty] negotiations, the Chinese Government has announced that it will exercise a moratorium on nuclear testing after September this year. China has solemnly undertaken not to be the first to use nuclear weapons at any time and under any circumstance, and it has unconditionally undertaken not to use or threaten to use nuclear weapons against non-nuclear-weapon states and nuclear-free zones. Besides, China has consistently stood for a complete prohibition and thorough destruction of all nuclear weapons. The above policies of China are in the best interests of the non-nuclear-weapon states and truly serve their security and that of the nuclear-free zones.

ASEAN Regional Forum

Mr. President:

Over the past two years, in an atmosphere of coordination and understanding, Forum members have increased consensus among themselves through continuously deepened dialogues. This fully shows that the Forum, which plays an important role in enhancing mutual understanding, promoting mutual trust and maintaining regional peace and stability, has increasingly become the major channel for multilateral security dialogue and cooperation in the Asia-Pacific region. While endorsing the specific proposals by SOM [senior officials meeting] for future activities, China will take an active part

in the Forum activities and continue to play its constructive role.

ARF is a new attempt for security cooperation in the region and represents in itself a new approach to security. I am convinced that so long as the Forum gives full consideration to the region's diversity, maintains its nature and rules of procedure and develops incrementally on the basis of shared interests and needs of its members in the spirit of consensus and seeking common ground while putting aside differences, it will play an increasingly important role in maintaining regional peace and stability.

We appreciate that the Forum has agreed to let China and the Philippines cosponsor the confidence-building measures meeting in Beijing next year, which would be the first time for China to host an official multilateral international conference on security issues. China is pleased to host the meeting together with the Philippines. I am convinced that with our concerted efforts and the energetic cooperation of other Forum members, the Beijing meeting will be a complete success.

Last year I made a number of proposals on such matters as notifying and inviting other ARF members to observe joint military exercises, reducing and eventually stopping military reconnaissance targeted at a certain Forum member. These proposals, in my view, have a practical significance for confidence-building in the region. And I am very happy to see that some of them have been followed with keen interest. It is my hope that they will gradually become consensus views of Forum members. Now I would like to further propose that the Forum start dialogue on defence conversion and begin at appropriate time discussions on matters relating to comprehensive security cooperation.

EU Envoy at ASEAN Forum on Korea, Other Issues

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[Statement by Dick Spring, Ireland's deputy prime minister and foreign affairs minister, and representative of the European Union, to the ASEAN Regional Forum, in Jakarta, Indonesia on 23 July]

[FBIS Transcribed Text] The European Union is pleased to attend the Third Ministerial Meeting of the ASEAN Regional Forum (ARF) in Jakarta and wishes to express its sincere appreciation to the Indonesian Authorities for the excellent arrangements which have been made for the holding of this meeting.

Even though this is just the third meeting of the ARF, the European Union acknowledges the important and

growing contribution of the ARF to the preservation of peace and stability in the Asia-Pacific region. The EU agrees that the non-institutional, evolutive character of the ARF process, in which decisions are based on consensus, is the better way to make progress. The EU supports the three-stage approach which was put forward in the ASEAN concept paper in which the work of the ARF would evolve in three phases from confidence-building to preventive diplomacy to conflict resolution. The European Union takes note that two new countries, India and Myanmar [Burma], are participating in the ARF for the first time today and has taken note of their express commitment to help to achieve the key goals of the ARF and to abide by and respect the decisions, already taken, and the statements, already made, by the ARF.

Since the second ARF Ministerial meeting in Brunei Dar es Salaam in July 1995, a significant programme of work has been undertaken at senior official and expert level in various for a within the ARF.

We have before us the Chairman's report of the ARF senior officials meeting (ARF-SOM) in Yogyakarta on 10/11 May 1996: This provides an excellent summary of these activities. The European Union would like to give its general endorsement to the contents of this ARF-SOM Chairman's report; however, before commenting upon the Chairman's report in more detail, it should like to make some general comments on specific developments, which are of particular interest to the European Union, and which relate to the peace and security of this region.

The situation on the Korean peninsula continues to be a cause for serious concern. Although information about developments in the Democratic People's Republic of Korea is fragmentary, what is clear is that there has been little progress since our last meeting. On 29 April 1996, the European union issued a statement in support of the four party talks on the Korean peninsula, proposed by Presidents Clinton and Kim Yong-sam. Although no considered reply has yet been forthcoming, it would appear that the Democratic People's Republic of Korea is somewhat reluctant to enter into such four party talks. The European Union has finalised negotiations on a framework agreement with the Republic of Korea which will be signed, together with a political declaration, later this year. This new agreement will allow for the strengthening and deepening of the existing close relations with the Republic of Korea. There have been reports about a serious aggravation of food shortages in the Democratic People's Republic of Korea and concerning the progressive general decline of the economy there as a whole. As a result of this, several EU Member States have already decided to provide food

aid on a bilateral humanitarian basis. The International Committee of the Red Cross has also approached the European Commission in this respect.

Apart from the immediate humanitarian situation, we remain deeply concerned that an internal crisis in the Democratic People's Republic of Korea might lead the military establishment there to some unpredictable and desperate move. The European Union completely shares objectives of the Korean Peninsula Energy Development Organisation (KEDO), in particular in the field of nuclear non-proliferation and nuclear safety. On this basis, earlier this year the EU decided on an immediate contribution of 5 million ECUs to KEDO. At the General Affairs Council on 26/27 February 1996, in addition to the immediate contribution just referred to, it was decided that the EU should participate in KEDO under conditions to be negotiated. Intensive work in this regard has already been undertaken and is being actively pursued.

Myanmar [Burma] is another cause of concern. The EU Council of Ministers discussed the situation in Myanmar last week in Brussels, and expressed its concern at the continuing deterioration in the political situation there, a concern which I must relay to this meeting. The Union urges the State Law and Order Restoration Council (SLORC) to bring about national reconciliation and democratic reform and to implement without delay respect for human rights. The EU is concerned at the lack of a full and satisfactory explanation of how the Honorary Consul for Denmark, Finland and certain other States, Mr. James Nichols, came to die in custody on 22nd June. We ask that the Myanmar Authorities provide this information. At present, there are a number of territorial and maritime disputes in this region. At the ARF-SOM in Yogyakarta, the European Union noted, with satisfaction, that there was a welcome for the efforts by the States concerned in these territorial and maritime disputes to seek solutions by peaceful means, in accordance with international law in general, and the United Nations Convention on the Law of the Sea (1992) in particular. The European Union supports such efforts and trusts that all such disputes will be so resolved in accordance with the appropriate legal norms.

Security in Asia as elsewhere is threatened by the risks of nuclear proliferation. On 22nd April 1996, the European Union issued a declaration attaching the highest priority to the conclusion of the negotiations on a comprehensive nuclear test ban treaty, which will prohibit any nuclear explosion, so as to enable its signature by autumn 1996 at the outset of the 51st session of the United Nations General Assembly. The European Union has stressed the importance of ensuring that the treaty is internationally and effectively

verifiable. Such a treaty will be a concrete step in the full realisation and effective implementation of Article VI of the Treaty on non-proliferation of nuclear weapons. It will contribute to the prevention of the proliferation of nuclear weapons, to the process of nuclear disarmament and, therefore, to the enhancement of international peace and security. In recent years, the European Union has redoubled its efforts to combat the terrible effects, including for many thousands of civilians, caused by the indiscriminate use of landmines, in particular anti-personnel landmines.

The European Union is committed to the goal of the total elimination of anti-personnel landmines and shall work actively towards the earliest possible international agreement to ban these weapons worldwide.

I would next like to comment on the Chairman's paper on criteria for ARF participation.

The European Union is content with the recommendations from the ARF-SOM with regard to the criteria for the admission of new participants in the ARF.

Given that the main challenge of the ARF is to sustain and enhance the unprecedented period of peace and prosperity that is being enjoyed in the Asia-Pacific region, the European Union concurs in the aim that all ARF members should work to develop an agenda which focuses on the security concerns of the Asia-Pacific region. It is happy to endorse the guiding principles, put forward by the ARF-SOM, that (I) any new participant must subscribe and work to help achieve the ARF's key goals; (II) the ARF should only admit participants which are in a position to affect the peace and stability of the region directly; (III) the ARF should expand in a careful and cautious manner; and (IV) all questions relating to ARF participation should be decided on the basis of consensus amongst ARF participants.

Having regard to these guiding principles, the European Union is content with the criteria (commitment, relevance, gradual expansion and consultation) to be adopted in the case of new participants. In this respect, the European Union accepts that all new participants should be sovereign States which have agreed to pursue the ARF's key goals and to subscribe to the ARF's established policy. In addition, all ASEAN members should be automatic participants in the ARF. A new participant should be in a position to demonstrate that participation would have an impact on the peace and security of the region. The rate of admission of new participants should be kept to a level which would not prejudice the effectiveness of the ARF. Applications for participation should be submitted to the ARF Chairman who will consult with the other ARF participants to de-

termine whether a consensus exists for the admission of a new participant.

I turn now to the completed programme of activities 1995/1996 there has been an impressive series of Track 1 meetings over the past twelve months. The meetings of the Intersessional Support Group (ISG) on confidence building measures in Tokyo and Jakarta, the Intersessional Meeting (ISM) on peace-keeping operations in Kuala Lumpur and the ISM on search and rescue co-operation and coordination in Honolulu, all produced very worthwhile reports. The EU is happy at the significant progress that has been made in the study of these questions and would like to thank all of the ARF participants, which so successfully hosted these meetings. In the area of confidence building measures, the European Union supports the continuation of the dialogue on security perceptions together with the voluntary submission of relevant information papers; the submission of defence policy statements to the ARF-SOM; the encouragement of contacts and exchanges between defence staff colleges or their equivalents; the perdition of universal adherence to the UN register of conventional arms; the completion and maintenance of a current list of ARF contact points; encouragement of active support by ARF participants for international legal agreements affecting global arms control and disarmament, i.e. Non-Proliferation Treaty, Biological Weapons Convention, Chemical Weapons Convention and the successful conclusion of the Comprehensive Test Ban Treaty.

In the field of search and rescue coordination and co-operation, the European Union supports further contacts between search and rescue experts and officials to promote, inter alia, the increased sharing of training facilities, standardisation of manuals, conducting paper and field exercises, and the exploration of the possibility of establishing an Internet website between rescue coordination centres.

The European Union supports closer working together within the ARF and in the UN Special Committee on Peacekeeping Operations, and ARF participants becoming party to the Convention on the safety of United Nations and associated personnel. In the field of training, we encourage promotion of the increased sharing of peacekeeping experience by the holding of specialised peacekeeping topics, sharing curricula and course information, and offering available places, in national training programmes to other ARF participants. In relation to stand-by arrangements, the EU considers that ARF participants should work closely together, according to their capabilities, to reinforce the ability of the UN to respond to crises rapidly and effectively and to consider taking part in the stand-by arrangements

in order to facilitate the planning and deployment of UN peacekeeping operations.

The European Union is grateful to the organisers of the Track 2 seminar in Moscow on principles of security and stability in the Asia-Pacific Region and agrees that the dialogue on this matter should continue.

As a general norm for the effective deployment of human resources, the European Union endorses the suggestion, contained in the Chairman's report of the 1996 ARF-SOM in Yogyakarta, that Track 1 activities should take place in the first half of 1997, while track 2 activities should be held during the latter half of 1996. The European Union will continue to play an active part in the proceedings of the ARF. Most immediately under Track 2 activities: a seminar on preventive diplomacy will be organised in Paris, on 7/8 November 1996, by L'Institut Francais des Relations Internationales (IFIR) together with the Centre for Strategic and International Studies (CSIS) of Indonesia. Later, from 5 to 7 December 1996, Stiftung fur Wissenschaft und Politik (SWP) of the Federal Republic of Germany, together with the CSIS of Indonesia and the Peace Research Centre of the Australian National University (ANU) of Australia, will hold a seminar on non-proliferation in Jakarta.

It is the firm intention of the European Union Troika to attend and to contribute actively to the work of the ARF Track 1 activities in the period 1996/1997. These will include the third intersessional Support Group on confidence building measures, in Beijing, to be co-hosted by China and the Philippines; The intersessional meeting on peacekeeping operations, co-chaired by Malaysia and Canada, which will continue to function for a further year to coordinate the implementation of the specific recommendations of the 1996 Kuala Lumpur meeting. Among these recommendations are the convening of a regional "train the trainers" workshop and the conducting of a course on demining, which is to be hosted by New Zealand. The European Union welcomes the inauguration of an intersessional meeting on disaster relief which is to be co-hosted by Thailand and New Zealand.

Mr. Chairman, the European Union is very pleased at the progress which the ARF is making and will continue to participate in its development with the greatest interest.

**Suharto Describes ASEAN's Role, Affirms
Nonisolation**

*BK2407094896 Jakarta MEDIA INDONESIA
in Indonesian 24 Jul 96*

[Unattributed report — received via Internet]

[FBIS Translated Excerpt] Jakarta (MEDIA) — President Suharto has told representatives of ASEAN and dialogue countries that right from the beginning, ASEAN has never closed its door to any country at all. "This ARF [ASEAN Regional Forum] shows the reality that ASEAN has never intended to isolate itself," President Suharto said. He was in the company of Foreign Minister Ali Alatas and Minister/State Secretary Mardiono.

Foreign ministers of ASEAN dialogue partners and four ASEAN consultative foreign ministers and observers in the ARF paid a courtesy call on President Suharto at the Merdeka Palace in Jakarta yesterday.

During the meeting that lasted for about 20 minutes, President Suharto talked about the history of ASEAN and said that the organization was found during the Cold War era.

According to the head of state, ASEAN had never intended to become a military pact but wished to create a zone of peace, freedom and neutrality in Southeast Asia. "Every nation has the right to protect its sovereignty. Certainly, a nation's armed forces are solely for protecting its sovereignty, stability, and to ensure that there is a continuity in national development," President Suharto added.

The head of state has said every nation in ASEAN that protects its stability has contributed significantly to regional stability and economic cooperation that must be promoted.

He said that a firm national resilience would support regional resilience in Southeast Asia and this would finally lead to the creation of world peace.

Making a special mention of Indonesia, the head of state said that at the start of the development plan, the per capita income was only U.S. \$70 per year/person, and now it has increased to U.S. \$1023 per year/person. [passage omitted]

**India's Gujral in Favor of 'Suitably Amended'
CTBT**

*BK2407035796 Delhi All India Radio Network
in English 0245 GMT 24 Jul 96*

[FBIS Transcribed Text] India says that it is willing to discuss the Comprehensive Test Ban Treaty [CTBT] if it is suitably amended to incorporate New Delhi's concerns. In an interview with ANI [Asian News

International] in Jakarta yesterday, the external affairs minister, Mr. I.K. Gujral, expressed confidence that the ASEAN region will honor India's commitment to its national interest and will not make the CTBT an issue.

Our Southeast Asia correspondent reports that India's stand on CTBT came up for discussion in the ASEAN Regional Forum, ARF, meeting in Jakarta yesterday. Mr. Gujral explained the deficiencies in the treaty. Our correspondent adds that the chairman of the ARF, Mr. Ali Alatas, supported India's stand on CTBT. The external affairs minister held bilateral talks with the foreign ministers of South Korea, Vietnam, and Brunei. He also met the vice president of the European Commission, Mr. Manuel Marin.

India and Myanmar [Burma] were formally admitted yesterday to the ASEAN Regional Forum, the body concerned with security issues in the Asia-Pacific. India will also be formally accorded the full dialogue partner status of the ASEAN at the post ministerial meeting today.

**Pakistani Foreign Minister Explains Stand on
CTBT**

*BK2407060696 Islamabad Radio Pakistan Network
in English 0300 GMT 24 Jul 96*

[FBIS Transcribed Text] The Association of Southeast Asian Nations [ASEAN] has urged the five declared nuclear powers to support the creation of a nuclear weapons free zone in Southeast Asia. Speaking at a news conference after a meeting of the ASEAN Regional Forum in Jakarta yesterday, the Indonesian foreign minister, Mr. Ali Alatas, stressed a speedy conclusion to a global test ban treaty. Mr. Alatas urged India, which has been admitted to the forum this year along with Burma, to sign the Comprehensive Test Ban Treaty [CTBT].

The foreign minister, Sardar Asif Ahmad Ali, has said the Comprehensive Test Ban Treaty cannot enter into force unless all the five nuclear powers and three threshold nuclear powers sign it. The foreign minister said our position is that unless all five nuclear powers — that is, United States, Russian Federation, Britain, France, and China — and threshold nuclear powers — that is, Pakistan, India, and Israel — sign the treaty, it will have no effect. He said India has decided not to move forward and has thereby isolated itself in the world. Pakistan, he said, has adopted a constructive approach, adding we are not blocking the treaty. Sardar Asif Ahmad Ali said Pakistan's position is based on the highest national interest of security.

The US secretary of state, Mr. Warren Christopher, says there is possibility of Pakistan joining the Association of

Southeast Asian Nations paving the way for Pak-India dialogue to resolve their problems. He was talking to reporters at Anderson Air Force base at Guam en route to Jakarta to attend the ASEAN meeting.

Burmese Minister Promises To Improve Domestic Situation

BK2407080196 Kuala Lumpur THE STAR in English 24 Jul 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Jakarta — Yangon [Rangoon] has explained to the ARF [ASEAN Regional Forum] that it is working to improve domestic conditions and that its association with ASEAN and the forum will expedite such measures.

Myanmar [Burmese] Foreign Minister Ohn Gyaw explained to the forum that his country was working to improve its system of governance and that its main priority now was to finalise the national constitution and then hold elections.

The European Union and the United States are the most vocal critics of Myanmar while other members pressed Ohn Gyaw to the wall for assurances that Yangon would follow the ASEAN principle.

Ohn Gyaw made the best of the opportunity to explain to critics the situation in his country and elaborated on reforms that were already under way.

He replied in detail US secretary of state Warren Christopher's queries over democracy and human rights and countered the latter's allegation of Myanmar's drug trade.

He also explained to EU representative Dick Spring the death of former honorary council for Denmark James Nichols in custody and how Myanmar was working to improve things at home.

Foreign Minister Datuk Abdullah Ahmad Badawi said on the whole, Myanmar's explanation went down quite well and the meeting expressed hope that Myanmar would keep its word.

Burma Issue Unresolved During ASEAN-Western Dialogue

BK2407052096 Bangkok THE NATION in English 24 Jul 96 pp A1,A3

[Report by Don Pathan and Yindi Loetcharoenchok]

[FBIS Transcribed Text] Jakarta—The Association of Southeast Asian Nations (ASEAN) and their Western dialogue partners failed yesterday to work out their

differences on how to achieve peace and democracy in Burma.

Although the European Union and the United States did not oppose Burma participating in yesterday's ASEAN Regional Forum (ARF), they have not ruled out possible tougher measures, including economic sanctions, if the country's opposition is harassed.

ASEAN and China are Burma's strongest supporters, if not defenders, of the ruling Burmese State Law and Order Restoration Council (SLORC) by insisting on a non-interference policy.

Japan, which is Burma's largest aid donor, has adopted a moderate policy combining the ASEAN and Western approaches, calling for SLORC to move towards national reconciliation and democracy through dialogue with the opposition.

ASEAN officials said yesterday that Burma dominated the three-hour informal ARF dinner on Monday night, with the United States taking the lead in discussing the issue. He said ARF ministers later decided to put Burma on their agenda yesterday but also agreed to let Burmese Foreign Minister U Ohn Gyaw express SLORC's views on the political situation in the country.

Hard pressed by the media asking about the Burmese situation, Indonesia's Foreign Minister Ali Alatas replied emotionally that ASEAN is "not oblivious" to what is happening in Burma and was closely monitoring the situation.

But the grouping does differ from the West on how to help improve the political situation there, he insisted.

Alatas did not comment when asked if the "form of democracy currently existing" in Burma under the SLORC regime was acceptable to ASEAN members, and instead retorted by saying: "Can we have the freedom to have a different view" (from the West)?

He said democracy in Burma remains an ASEAN aspiration but "not a condition" to its membership in the association. He added that while the basic values of democracy and democratization were universal in nature, ASEAN believes "democracy has different forms as distinct from its values".

He attacked the West for trying to dictate a homogeneous form of democracy.

"Democratic forms should be left to the country or nation concerned. Don't dictate to us and say only the Western type of democracy is good and acceptable," said Alatas, who has been hounded to talk about Burma since early last week. "Why do you want homogeneity for the rest of the world? It's sorry to say, but I think

that is either a bit of intellectual arrogance or intellectual hypocrisy."

China yesterday joined ASEAN in advocating different values and approaches towards Burma. Chinese Foreign Ministry spokesman Shen Guofang said the internal affairs of a country should not obstruct that country from participating in regional and international forums.

He urged the United States and the European Union to change their Apolitical] ideology" by supporting countries in East and Southeast Asia to cooperate and develop their economic affairs, peace and stability.

East and Southeast Asia must try to get rid of external interference and resolve their own matters, Shen said.

Philippine Foreign Minister Domingo Siazon said that ASEAN has shot down a 'Canadian proposal to establish a Contact group' to monitor the Burmese political situation and to help national reconciliation.

In a separate press conference, US Secretary of State Warren Christopher said that ASEAN and the United States continue to have "a different approach and different opinion" on Burma.

Burma Counters World Criticism at ASEAN Forum Meeting

*BK2407043696 Bangkok BANGKOK POST
in English 24 Jul 96 p 1*

[Report by Nutsara Sawatsawang and Saridet Marukhatthai from Jakarta]

[FBIS Transcribed Text] Burma was given the chance to counter international criticism at the start of the ASEAN Regional Forum [ARF] yesterday in an attempt to clear the way for other issues.

Taking the floor, Ohn Gyaw, Burma's Foreign Minister, dismissed widespread condemnation of the State Law and Order Restoration Council's human rights record.

His defence of the junta's behaviour came after Warren Christopher, the United States Secretary of State, said continued repression threatened regional stability.

Before the 21-strong forum opened, Mr. Christopher said Burma's participation in the ARF and its closer relationship with ASEAN "make it especially important that the process of reconciliation [in Burma] move forward, not backward".

"The SLORC's refusal to heed the desire of a majority of the Burmese people for a transition to democratic rule and its increased harassment of the democratic opposition raise the chance of instability, bloodshed and migration within Burma and across its borders," he said.

Burma and India attended the security forum for the first time yesterday, joining the seven ASEAN member states and 12 other participants, including the US and China.

Other issues discussed included narcotics, landmines, the Korean peninsular, a regional nuclear weapons-free zone and criteria for new participants.

But concerns over human rights abuses and democratic reforms overshadowed other topics.

The ARF session gave the Burmese minister the first chance to explain directly his regime's position to Australia, Canada, the European Union and the United States.

Domingo Siazon, the Philippines' Foreign Minister, said a common position had been reached between ASEAN and western countries over Burma by continuing dialogue.

"More information has been made available by the foreign minister of Burma on the condition of Burma and its future political and economic plans," he said.

Ali Alatas, Indonesia's Foreign Minister, said Burma had been provided with a valuable opportunity for an exchange of views. The atmosphere, he said, had been one of "mutual trust" and "very relaxed".

Amnuai Wirawan, the Foreign Minister, said Ohn Gyaw had explained the junta's position on national reconciliation through a constitution being drafted by the national convention.

The junta had allowed Aung San Suu Kyi, whose National League for Democracy won a landslide election in 1990, to make speeches and engage in activities every week, he said.

Western representatives however, did not share ASEAN's optimistic assessment. Lloyd Axworthy, Canada's Foreign Minister, said his country remained concerned by conditions in Burma.

Mr. Axworthy met Ohn Gyaw and proposed the establishment of a contact group to be a link between the junta and countries concerned about conditions in Burma.

ASEAN Regional Forum Chairman Issues Statement

BK2307162496 (Internet) Association of Southeast Asian Nations Secretariat WWW in English 23 Jul 96

[Statement issued by Indonesian Foreign Minister Ali Alatas, chairman of the Third Meeting of the ASEAN Regional Forum, in Jakarta on 23 July]

[FBIS Transcribed Text]

1. The Third ASEAN Regional Forum (ARF) was held in Jakarta on 23 July 1996.

The Meeting was chaired by His Excellency Mr. Ali Alatas, Minister for Foreign Affairs of the Republic of Indonesia.

2. The Meeting was attended by all ARF participants. The Secretary General of ASEAN was also present.

3. The Ministers recalled the decision of the Second ASEAN Regional Forum Ministerial Meeting in Brunei Darussalam in July 1995, requesting the Chairman of the ARF to study the question of future participation and to develop a set of criteria for such participation for the consideration of the Third ARF through the ARF-SOM [Senior Officials Meeting]

4. The Meeting noted with appreciation the round of consultations made by the Chairman with the representatives of ARF participants to obtain their views on the matter. On the basis of the inputs and comments received, the Chairman had prepared a paper on criteria for participation in the ARF.

5. In this regard, the Ministers considered the guiding principles and criteria suggested in the Chairman's Paper on Criteria for participation in the ARF as recommended by the ARF-SOM and agreed on the following:

Guiding Principles

I. Any new participant must subscribe to and work cooperatively to help achieve ARF's key goals. As stated in the ARF Concept Paper (which was annexed to the Chairman's Statement of 1 August 1995), the main challenge of the ARF is to sustain and enhance the unprecedented period of peace and prosperity now enjoyed by the Asia-Pacific region. All participants should work to develop an agenda which focuses on the security concerns of the Asia-Pacific region.

II. The ARF should only admit participants that can directly affect the peace and security of the region on which the ARF shall focus its peace-building and peace making efforts. As the Asia-Pacific region could theoretically cover a large part of the world's surface (including the two American continents), it would be wise to spell out clearly the specific region - or the "geographical footprint" - that the ARF will concentrate on. It is clear that there is already an implicit consensus among ARF participants that this "geographical footprint" will cover all of East Asia, both Northeast and Southeast Asia, as well as Oceania. In the short term, it would not be wise to expand this geographical scope for the key ARF activities. (Some ARF activities, for example, Cooperation on Search and

Rescue, will cover the larger Asia Pacific region and not just East Asia).

III. The ARF should expand carefully and cautiously. As the ARF process is barely three years old, it would be advisable to consolidate the ARF process before expanding it rapidly. Each new participant must be admitted on the firm understanding that its participation is necessary for the ARF to accomplish its key goals.

IV. All questions regarding participation should be decided by consultations among all ARF participants. As stated in the Chairman's Statement of 1 August 1995, "A successful ARF requires the active, full and equal participation and cooperation of all participants. However, ASEAN undertakes the obligation to be the primary driving force". The following paragraph states "The ARF process shall move at a pace comfortable to all participants". These statements suggest that regarding ARF participation the ARF will have to take into consideration both the views of all the participants and the special needs and interests of the ASEAN States. Hence, all members of ASEAN shall automatically become participants of ARF.

(Note: The founding fathers of ASEAN agreed in 1967 that ASEAN will eventually become a community of ten, encompassing all Southeast Asian States).

Criteria

Bearing these principles in mind, the ARF participants agree that the criteria for new participants should be as follows:

All new participants, who will all be sovereign states, must subscribe to, and work cooperatively to help achieve the ARF's key goals. Prior to their commitment:

I) Admission, all new participants should agree to abide by and respect fully the decisions and statements already made by the ARF. All ASEAN new participants should be admitted only if it can be demonstrated that it has an impact on the peace.

II) Relevance and security of the "geographical footprint" of key ARF activities (i.e. Northeast and Southeast Asia as well as Oceania).

III) Gradual Efforts must be made to control the number of expansion: participants to a manageable level to ensure the effectiveness of the ARF. All applications for participation should be submitted to the Chairman of the ARF, who will

IV) consult all the other ARF participants at the SOM Consultations and ascertain whether a consensus exists for the admission of the new participant. Actual

decisions on participation will be approved by the Ministers.

6. The Ministers welcomed India and Myanmar [Burma] joining the ARF as new participants and took note of their express commitment to help achieve the ARF's key goals and to abide by and respect fully the decisions and statements already made by the ARF.

7. The Meeting discussed a wide range of issues relevant to the question of peace and security of the Asia-Pacific region. In this context, they highlighted the following:

(I) The signing of the SEANWFZ [Southeast Asian Nuclear Weapons Free Zone] Treaty by all Heads of Government of Southeast Asia countries in Bangkok in December 1995 signifies another important contribution of the countries of Southeast Asia to the strengths of the security in the region and to the maintenance of world peace and stability. This is consistent with the 1995 NPT [Nuclear Non-Proliferation Treaty] Review welcoming the development of further nuclear weapons free zones.

(II) Nuclear testing remains a concern in the region. The Meeting welcomed the end of nuclear testing in the South Pacific and confirmed their understanding that the Asia Pacific region would shortly be free of nuclear testing. The Meeting called upon all states participating in the Conference on Disarmament, in particular the nuclear weapons states, to conclude, as a task of the highest priority, a universal and multilaterally effectively verifiable comprehensive nuclear test ban treaty which contributes to nuclear disarmament and the prevention of the proliferation of nuclear weapons in all its aspects so as to enable its signature by the outset of the fifty-first session of the UNGA. The Meeting expressed the hope that the on-going negotiations in the Conference on Disarmament to be reconvened on 29 July 1996 would lead to a CTBT [Comprehensive Test Ban Treaty] which would receive the support of all concerned parties.

(III) With reference to the issue of the global elimination of anti-personnel mines, the Meeting welcomed the decisions of several states to impose moratoria and ban on the production, export and operational use of these weapons. The Meeting recognized the need, following conflict, for reinforcing international support for efforts to detect and remove landmines and to assist victims.

(IV) On the South China Sea, the Meeting welcomed the efforts by countries concerned to seek solutions by peaceful means in accordance with international law in general and with the United Nations Convention on the Law of the Sea of 1982 in particular.

The Meeting also noted the positive contributions made by the Workshop Series on Managing Potential Conflicts in the South China Sea.

(V) Bearing in mind the importance of peace and security on the Korean Peninsula, the Meeting stressed the need to establish a peace mechanism and also emphasized that the 1953 Armistice Agreement until then should remain valid. The Meeting reiterated the importance of the resumption of dialogue between the Republic of Korea and the Democratic Peoples' Republic of Korea. The Meeting noted the importance of the Korean Peninsula Energy Development Organization (KEDO) and encouraged ARF participants to consider giving further financial and political support to KEDO.

8. The Ministers considered the Track One and Track Two activities since the Second ARF in Bandar Seri Begawan.

9. The Ministers took note with appreciation of the Summary Reports of the Track-One activities presented by the respective co-chairmen of the activities, namely the meetings of the Inter-Sessional Support Group (ISG) on Confidence Building Measures held in Tokyo on 18-19 January 1996 and in Jakarta on 15-16 April 1996, the Inter-Sessional Meeting (ISM) on Peace Keeping Operations held in Kuala Lumpur on 1-3 April 1996 and the Inter-Sessional Meeting (ISM) on Search and Rescue Cooperation and Coordination held in Honolulu on 4-7 March 1996.

10. In this connection, the Ministers endorsed the proposals made by the Track-One Activities which appear in their respective Summary Reports as follows:

A. The Inter-Sessional Support Group on Confidence Building Measures [CBM]

I. Dialogue on Security Perceptions

a. Dialogue on security perceptions should be continued within the ARF process, including at inter-sessional meetings.

b. Information-sharing on dialogue and other activities of the ARF participants should be continued on the basis of papers voluntarily submitted by participants. Such papers could also cover defence contacts and exchange programmes undertaken by the participants.

II. Defence Policy Publication:

a. The ARF participants are further encouraged to submit annually a defence policy statement to the ARF SOM on a voluntary basis. Regular publication of defence white papers or similar papers would also be welcomed.

b. Exchanges of views on the information provided in such statements and papers should be encouraged in future ARF dialogues.

III. Enhancing High-level Defence Contacts and Exchanges among Defence Staff Colleges and Training.

a. ARF SOM is open to defence representatives and encourages their greater participation in inter-sessional activities.

b. The ARF participants should be encouraged to submit papers on their defence contacts and other exchange programmes to the ARF SOM. Such papers could cover security dialogues and other activities they undertake.

c. The ARF participants should be encouraged to conduct exchanges among national defence colleges, including information sharing and personnel exchanges, and to convene a meeting of heads of national defence colleges or equivalent to this end;

IV. The UN Register of Conventional Arms (UNRCA)

a. The discussions on the UN Register within the ARF framework should be continued, with a view to enhancing security in the region;

b. The ARF participants should be encouraged to circulate on a voluntary basis the same data to the ARF countries at the time of its submission to the UN, while avoiding unnecessary administrative duplication;

c. The ARF participants should be encouraged to work together within the UN to promote more global participation in the UN Register.

V. Additional Confidence Building Measures

a. completing and maintaining a current list of ARF contact points;

b. exchanging information on the role of defence authorities in disaster relief, and considering the convening of an intersessional meeting on this matter;

c. exchanging information on a voluntary basis on some of the on-going observer participation in and on-going notification of military exercises among ARF participants with a view to discussing the possibilities of such measures in selected exercises;

d. encouraging the participants to support actively internationally recognized global arms control and disarmament legal agreements, specifically Non-Proliferation Treaty (NPT), the Chemical Weapons Convention (CWC), the Biological Weapons Convention (BWC) and the Convention on Certain Conventional Weapons (CCW) and the successful conclusion of CTBT.

VI. The ISG on CBMs should continue its activities for another year in order to review the implementation of CBMs to be approved by the Third ARF Ministerial Meeting, and to further discuss measures to be promoted in the future, with particular emphasis on proposals identified in the summary.

Report (ANNEX D)

B. The Inter-Sessional Meeting (ISM) on Search and Rescue [SAR]

Coordination and Cooperation

A meeting of SAR experts and officials who are familiar with the ARF process should be convened to further discuss and explore cooperation in the following areas:

a. The increased sharing of training facilities and expertise in the region to enhance the capabilities of SAR personnel.

b. Further cooperation between training institutions and the facilitation of a greater flow of information, for example, with the establishment of a directory of training courses.

c. Movements towards standardization of SAR manuals, training and procedures.

d. Possible increased practical training and exercises such as attaching SAR personnel to the Rescue Coordination Centers (RCCS) of other countries for on-the-job training and experience; training of personnel other than SAR Mission Coordinators (SMCS) such as pilots and medical personnel involved in SAR; conducting paper and field exercises; and exploring the possibility of establishing an Internet web site between RCCS.

C. The Inter-Sessional Meeting (ISM) on Peacekeeping Operations

I. Current Status of United Nations Peacekeeping Operations

a. ARF participants work together more closely within the ARF context and also in the United Nations Special Committee on Peace Keeping Operations as part of an ongoing dialogue to exchange views and experiences on UN Peacekeeping Operations.

b. ARF participants are encouraged to become Parties to the Convention on the Safety of United Nations and Associated Personnel.

c. ARF participants endeavour to pay their assessed contributions to peace keeping operations on time, in full and without conditions.

II. Training for Peace Support Operations

a. ARF participants promote greater sharing of peace keeping experience and expertise among ARF participants voluntarily through, inter-alia:

- holding training courses on specialized peacekeeping topics;
- sharing curricula and course information;
- developing a roster of peacekeeping trainers;
- offering available places in national training programmes to other ARF participants;
- assisting where possible in financing of peacekeeping training;
- fostering cooperation among national peace keeping training centers.

b. ARF participants use United Nations training manuals and materials as the basis of their training programmes for national contributions to UN peacekeeping operations.

c. ARF participants are encouraged to support the peacekeeping capacity of the UN through loan of military and civilian personnel and through other bilateral arrangements.

III. Stand-by Arrangements

a. ARF participants work closely, according to their capabilities, with UNDPKO to reinforce the ability of the UN to respond effectively and rapidly to crisis situations.

b. ARF participants consider, where possible, taking part in the Standby Arrangements in order to facilitate the planning and deployment of UN peacekeeping.

11. Pursuant to the relevant recommendations of the ISG on CBMS, the Ministers agreed that the ISG on CBMs continue its activities for another year and an ISM on Disaster Relief be convened. Similarly, the ISM on Search and Rescue Coordination and Cooperation should continue its activities for one more meeting, attended by SAR experts and officials who are familiar with the ARF process, to be convened in Singapore in the first half of 1997 and remain co-chaired by the present co-chairmen namely Singapore and the United States.

12. The Ministers also agreed that the ISM on Peace-keeping Operations co-chaired by Canada and Malaysia continue to function for another year to coordinate the implementation of the specific recommendations adopted by this ISM, including the convening of a regional "Train the Trainers" Workshop in Kuala Lumpur and the conducting of a course on demining. New Zealand has offered to host the course on demining.

13. The Ministers welcomed the offers made by China and the Philippines to co-host the ISG on CBMs in Beijing in early March 1997 and by Thailand and New Zealand to co-host the ISM on Disaster Relief.

14. Pursuant to the decision of the Second ARF Ministerial Meeting, the Ministers noted with appreciation that a number of participants had submitted defence policy statements or defence policy papers.

15. The Ministers took note of the report presented by the Chairman of the Track Two Seminar on Principles of Security and Stability in the Asia Pacific held in Moscow on 23-24 April 1996. The Ministers observed that the Seminar had been useful, particularly in promoting better understanding of the respective values and aspirations of the participants with regard to security and stability in the Asia Pacific and agreed that the dialogue on the matter should continue.

16. The Ministers also noted the EU proposals: a Track Two Seminar on Nonproliferation to be co-sponsored by the Centre for Strategic and International Studies (CSIS) of Indonesia and Stiftung Wissenschaft und Politik (SWP) of Germany and the Peace Research Centre, Australian National University (ANU) of Australia in Jakarta on 6-7 December 1996; a Track Two Seminar on Preventive Diplomacy to be co-sponsored by l'Institut Francais des Relations Internationales (IFRI) and the Centre for Strategic and International Studies (CSIS) of Indonesia in Paris on 7 - 8 November 1996.

17. With a view to assisting ARF participants in preparing their human resources for ARF activities, the Ministers agreed that, in principle, Track One activities be carried out in the first half of the calendar year while Track Two activities in the second half of the calendar year.

18. The Minister is also agreed to consider at the next ARF Meetings the question of drug trafficking and other related trans-national issues such as economic crimes, including money laundering, which could constitute threats to the security of the countries of the region.

19. It was noted that the discussions throughout the Meeting remained positive, although there was some divergence of views on the subjects discussed. The participants were open and candid in expressing their views but this did not generate tension or dissension in the room.

Instead, there was a tendency towards creating a harmonious environment. This positive mood demonstrated that the overall trend remains encouraging.

20. The participants also displayed a high degree of comfort in their interactions with each other. The ARF is still a fairly young process.

Its success was never pre-ordained. It is therefore worth noting that the increasing comfort level among the participants at the Third ARF demonstrates that the ARF is progressing at a good pace. Future meetings should try to build upon this demonstrated base of friendly and frank discussions among the participants as this will in turn pave the way for agreements on substantive issues in the coming years.

Alatas Opens ASEAN Postministerial Conference

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["Welcoming remarks" by Indonesian Foreign Minister Ali Alatas at the ASEAN Post Ministerial Conference in Jakarta on 24 July]

[FBIS Transcribed Text] Your Royal Highnesses, Excellencies, Distinguished Delegates, Ladies and Gentlemen,

On behalf of my ASEAN Colleagues, it gives me great pleasure to welcome our distinguished Dialogue Partners to this year's ASEAN Post Ministerial Conferences.

I am also pleased to extend a warm welcome to H.E. Mr. Inder Kumar Gujral, Minister of External Affairs of the Republic of India; H.E. Mr. Qian Qichen, Foreign Minister of the People's Republic of China; and H.E. Mr. Yevgeniy Maximovich Primakov, Minister of Foreign Affairs of the Russian Federation and to the members of their Delegations, who are attending the Post Ministerial Conferences for the first time as full-fledged Dialogue Partners. I am confident that the insights and perspectives that they will bring into our discussions will substantially enrich our dialogue.

The dialogue itself has greatly added to the value of ASEAN's endeavours as it has, through two decades, facilitated cooperation with some of the most important countries in the world in various areas of common interest.

If this process has served ASEAN and its Dialogue Partners well in the past, it is even more desirable and necessary at this crucial time in history.

For almost a decade now, the world has been in the grip of profound and massive changes that have given rise to challenges and contradictory trends in international relations. At the same time, new opportunities have emerged and a deepening sense of interdependence has prompted nations to devise more equitable and mutually beneficial patterns of cooperation such as we are trying

to achieve through our dialogue partnership. Indeed, together we can address, with a larger measure of effectiveness, the acute realities of our time.

One reality that we must all be concerned with is that although there has been relative peace in the Asia Pacific region for quite some time now, the world as yet is not really a peaceful place. Violent conflicts continue to embroil many parts of the globe. Nation-states and international institutions are frantically struggling to adjust to drastically changed and changing political, security and economic circumstances. Weapons of mass destruction still pose enormous potential for catastrophe. ASEAN is concerned that the disarmament agenda is not advancing as expeditiously as it should. Out of this concern and a desire for lasting peace in the region, the ASEAN countries and the other Southeast Asian countries, during a historic summit meeting in Bangkok, signed the Treaty on the Southeast Asia Nuclear Weapon-Free Zone (SEANWFZ) last December. At the global level, we are also striving to help ensure that the Conference on Disarmament will be able to complete negotiations toward a Comprehensive Test Ban Treaty (CTBT) this year.

Focal points of conflict still persist in many parts of the globe. In the Middle East we are deeply concerned that the peace process, which was making steady progress until after the recent Israeli general elections, has now entered a critical phase. We believe that the only way to ensure the continuation of the peace process is for Israel to honour the agreements it has already entered into and to adhere scrupulously to the principles agreed upon at the Madrid Conference, particularly the principle of land-for-peace.

In the former Yugoslavia, the crucial need is now for all signatories to the General Framework for Peace in Bosnia and Herzegovina to strictly comply with its provisions and to fully cooperate with the International Tribunal for the former Yugoslavia and its organs in the discharge of their mandate. ASEAN is committed to support the massive reconstruction and rehabilitation effort in Bosnia-Herzegovina.

Here in Southeast Asia, a number of overlapping sovereignty and jurisdictional claims in the South China Sea still have to be resolved. We are nevertheless heartened that the parties involved are willing to resolve their disputes on the basis of international law, particularly the 1982 UN Convention on the Law of the Sea.

As to the Indochinese refugees, there are still a large number of them in first asylum countries, including Indonesia. We therefore urge all parties to the Comprehensive Plan of Action to remain fully committed to the

repatriation and resettlement of the refugees and non-refugees as soon as possible.

Excellencies, Distinguished Delegates,

The global economy continues to be blighted by the imbalances and inequities in the economic relations between developed and developing countries. At the same time, developed and developing nations alike are confronted by the reality of economic globalization.

While globalization has spawned problems to which developing economies are particularly vulnerable, it is nevertheless a force that can be harnessed in order to serve the welfare of all nations. We in ASEAN have therefore endeavoured to integrate our economies with a global economy that is moving inexorably toward an open market system and free trade. Thus ASEAN has acted to ensure the early completion of AFTA [ASEAN Free Trade Area] which, when realized, will create a wide range of trade and investment opportunities not only for us in ASEAN but for our economic partners as well. AFTA will certainly expand and integrate the already sizable ASEAN market and make the ASEAN countries an ideal production base for manufacturers from within and outside the region.

In the context of APEC, ASEAN economies have committed themselves to work for the achievement of free trade and investment and to intensify development cooperation in the Asia-Pacific region. In our endeavour to build bridges of understanding and cooperation with other regional groupings, we have established trade and investment linkages between AFTA and CER [Close Economic Relations] of Australia and New Zealand and between AFTA and NAFTA [North American Free Trade Agreement]. We have also expanded and intensified our dialogue and cooperative relations with the European countries within the framework of the recently launched Asia-Europe Partnership for Greater Growth. ASEAN intends to continue playing a central role in the evolution of the summit-level Asia-Europe Meeting (ASEM) and in the implementation of the follow-up actions agreed in ASEM.

Another commitment shared by all ASEAN countries is to work for the attainment of the objectives of the World Trade Organization (WTO) as the guardian of a free, transparent and rule-based regime of international trade. And as we prepare for the First Ministerial Conference of the WTO in Singapore later this year, we should like to emphasize that the discussions in this important meeting should not be trammelled by the introduction of issues extraneous to trade—for this would not only complicate an already complex WTO agenda, it would also denigrate the developing countries and eventually debilitate the Organization itself.

Excellencies, Distinguished Delegates,

As we in ASEAN continue to place great importance on development cooperation, we deeply appreciate the continued support of our Dialogue Partners in the implementation of various development projects. In this regard, we look forward to working with Dialogue Partners in a trilateral approach to promote development cooperation with Cambodia, Laos and Myanmar [Burma], the three remaining Southeast Asian countries which are not yet members of ASEAN but are expected in a few years to join the ASEAN family. We also hope that our Dialogue Partners will remain mindful of the fact that integral to the development endeavours of ASEAN countries is the promotion of trade, investment, transfer of technology and market access for their products.

Excellencies, Distinguished Delegates,

Through this dialogue process, we hope to be able to build a lasting partnership that will enable us to confront the challenges and to seize the opportunities of a new century. If we continue to base this partnership on genuine interdependence, mutual interest and benefit and equitable sharing of responsibility, I have no doubt that we will also succeed in strengthening peace, stability and prosperity not only in this region but also in the world at large.

Nor have I any doubt that, in the constructive spirit that this dialogue is known for, we will have another productive round of deliberations today and tomorrow.

Downer Tells PMC: Burma of 'Serious Concern' to Australia

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["Opening statement" by Australian Foreign Minister Alexander Downer at the ASEAN Post Ministerial Conference [PMC] in Jakarta on 24 July]

[FBIS Transcribed Text] This is the first occasion on which I have had the honour of attending an ASEAN Post Ministerial Conference. I am delighted to be here.

I would like to welcome the Foreign Minister of India, China and Russia. India, China and Russia's move to Dialogue Partner status will add to the PMC's [Post Ministerial Conference's] important role in reviewing regional affairs.

Three decades since its birth, ASEAN has established Dialogue Partnership with ten countries and is looking to include all ten South East Asian countries as full members of ASEAN by the turn of the century. This process serves to entrench habits of dialogue and cooperation and makes a strong contribution to ensuring

the economic prosperity and political partnership that has been of such advantage to this region.

Last year, ASEAN agreed to take a more active role in developing the Mekong Sub-region. This initiative, and the decision that it should be implemented in partnership with other interested countries, is welcomed by Australia. Australia constructed the historic Friendship Bridge across the Mekong River connecting, for the first time, Thailand and Laos. During a recent visit to Vietnam, it was my pleasure also to announce that Australia would construct a second bridge across the Mekong River, at My Thuan in Vietnam. Australia looks forward to working with ASEAN and others, towards a vision of an integrated and economically prosperous region, bonded by strong links of partnership and cooperation.

The situation in Burma continues to be of serious concern to Australia. At this time last year, we were all hopeful that the release from house detention of the NLD [National League for Democracy] leader, Aung San Suu Kyi, would lead to the commencement of a dialogue that would allow Burma to begin to move out of its present unsatisfactory political and economic situation. Our hopes have been frustrated. Instead of new dialogue and compromise, we have seen confrontation and refusal to talk. People continue to leave the country, fleeing institutionalized abuses of their basic social, economic and political rights.

All states within the region wish to see Burma prosper and participate fully in regional affairs. We have, a mutual interest in trying to find what can best be done to bring about an improvement in the situation. It may be that the international community has only a very limited capacity to influence the situation in Burma, but we should seek to encourage the Burma Government to resolve its differences with the democratic leadership through dialogue rather than confrontation, and we should urge it to bring its record on human rights into alignment with regional and internationally accepted standards.

There is room for greater cooperation among regional countries on transnational issues such as the trafficking of people and narcotics trafficking, where Australia would like to see more regular coordination of activities between ASEAN and ASEAN Dialogue Partners. One issue with a particularly heavy impact has been the rapid spread of HIV/Aids. By the year 2000 a million individuals will be infected with HIV in Asia each year and a further 500,000 will develop AIDs. Governments of this region should work together more in developing approaches to countering the spread of HIV/AIDs. A start could be made through a meeting later this year

of Health Ministers to look at the scope for regional cooperation.

ASEAN is well-known for its informal and pragmatic style. I look forward to discussions on these issues, with my colleagues from ASEAN and other Dialogue Partner countries of ASEAN.

ROK's Foreign Minister Discusses DPRK at ASEAN PMC

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["Statement" by Kong No-myong, minister of foreign affairs of the Republic of Korea, to ASEAN's Post Ministerial Conference (PMC) in Jakarta, Indonesia, on 24 July]

[FBIS Transcribed Text] Chairman, Excellencies, Ladies and Gentlemen:

It is a great honour and pleasure for me to be here with you at this important gathering. First, I would like to express my deep appreciation to the Chairman of this Conference and the Indonesian Government for the hospitality extended to me and my delegation. I would also like to express my warm welcome to the new members of this meeting, the Foreign Ministers from the People's Republic of China, Russia, and India. Your participation will undoubtedly give an added significance to this Conference, enabling more substantial and far-reaching discussion.

Global Situation

As we have witnessed the world's rapid change throughout the past decade, old systems have given way to new systems. The fluidity and uncertainties, in the course of such transition, are affecting all regions from East Asia to Europe, but the foundation is being laid toward a more stable world.

As another positive development, a new concept of comprehensive security has been emerging to deal with such global issues as the environment, human rights, international terrorism, crime and the non-proliferation of weapons of mass destruction. All the endeavours to meet those challenges collectively would facilitate the trend of globalism.

We also witness welcoming progress toward a peaceful settlement of regional conflicts in certain parts of the world.

The recent progress in Bosnia-Herzegovina is quite significant. The settlement of the Bosnia-Herzegovina conflict offers hope for Others who are also suffering from protracted ethnic disputes. The success of the

Middle East peace process, as seen in the Palestine interim self-rule and the normalization of ties between Israel and Jordan should be also lauded.

We are also expecting important progress in the arena of global disarmament. The discussion on the Comprehensive Test Ban Treaty (CTBT) is reaching its final stages, while the lively debates on chemical and inhumane weapons are also underway.

In economic area, with the end of Cold War era, growing economic dynamism and interdependence have helped lessen the overall level of tension. The rapid expansion of both trans-continental and inter-regional economic exchanges are contributing to globalism. The inception of WM [expansion unknown] is a case in point.

The WTO rules are now governing principle for international trade and other economic activities. It certainly accelerates globalization of economic activities by expanding trade and encouraging interdependence among nations.

Even though these positive development both in regional and global dimensions may foretell a new and stable order, they are still in need of special attention and assistance by international community to fulfill the goals of peace and prosperity in the respective regions.

On the part of the Republic of Korea, we have been actively participating in international efforts to these effects and will continue to do our due part.

In Bosnia-Herzegovina, the Korean Government is planning to assist the election process by sending monitors and election equipment as a fair and smooth election will be the key element for the future development of the situation.

In the Middle East, while hoping that the relevant parties in the region will be able to find agreeable formulas based on the "land for peace" principle to build a comprehensive and lasting peace, the Republic of Korea will make due efforts to the peace process and the economic reconstruction endeavour of this region.

With regard to the efforts for a new international economic order, the eventual success of WTO will depend upon the will of the major economic powers to comply with the rules and spirit of the Organization. The first Ministerial Conference to be held in Singapore this December, therefore, will be an important event to tone for the future WTO activities. The Republic of Korea will do its part for the successful conclusion of the Meeting.

Meanwhile, I believe that international community should pay attention to make sure that regionalism,

which seems to burgeon recently, should be remain open-minded. Otherwise, regionalism could hinder the sound development of international trade system like an exclusive social club.

The Asia Pacific Situation

In the Asia Pacific region, the overall security environment has improved. Dynamic economic growth and deepening interdependence have contributed to promoting cooperative relations and reducing tensions in the region.

However, there still remain elements of instability and potential conflict. Tensions on the Korean peninsula territorial disputes over the Spratly Islands, and the overall military build-up in this area loom over the peace and security of the entire Asia Pacific region. Under this security environment, continued U.S. presence in this region is essential to the maintenance of peace and security, as a reliable mechanism for comprehensive security is still far out of our vision in this area. In this respect, we welcome the commitment of the United States to remain engaged in the Asia Pacific. While the ARF [ASEAN Regional Forum] is still in its infant stage, it has certainly contributed to fostering security dialogue, building trust and cooperation among member countries. The Republic of Korea will continue to work with other members of the Forum to develop regional security cooperation. It is notable among other things that the ASEAN countries have experienced remarkable economic growth for the last decade. It is commonly viewed that ASEAN will continue to contribute to the stability of the region reinforcing economic into the 21st century. The Republic of Korea places high priority in expanding cooperation with countries in this region for the common economic prosperity as well as political stability. In this spirit, I wish to particularly highlight the recent initiative for the development of the Mekong River Basin by ASEAN.

When it is successfully implemented, the inland areas from Southeast Asia to the southern part will be greatly aided in their economic development. The project's repercussions will extend further to the effect of bringing Northeast and Southeast Asia closer. The Republic of Korea has committed itself to participate in the Mekong River Development in the areas where our past development experiences would be best utilized, meeting the region's need for improved infrastructure and living standards.

The Korean Peninsula

Although it was discussed in the ARF meeting yesterday, I wish to briefly touch on the situation on the Korean peninsula as the situation in North Korea poses a

great challenge to the peace and stability in this part of the world.

The current unstable condition of North Korea, is attributable not only to the economic difficulties, but to the unpredictable political leadership. This being the case, it is important to wisely deal the situation while preparing for any contingency.

Under the circumstances, the Korean Government together with the U.S. proposed the Four-Party talks. We believe it is the most realistic and rational formula to convince North Korea to participate in the efforts to build a durable peace structure on the Peninsula. We are eagerly expecting a positive response from the North, as it would be North Korea that would benefit most from the Four-Party talks.

We also want to encourage North Korea to open up and reform. North Korea will not be able to overcome any crisis without economic and political reforms. Thus, I wish the international community would be more forthcoming in demanding North Korea to adhere to international norms and regimes on the non-proliferation of mass destructive weapons and human rights.

Conclusion

The Asia Pacific region has shown great strides in its endeavour toward peace and economic prosperity. However, throughout the post Cold War era, we are also well aware that such achievements could be threatened due to inherent vulnerability in the global and regional structure.

We should continue to exert concerted efforts to remove the various elements of instability and to keep alive the momentum toward a more secure and prosperous Asia Pacific. To this end, the Republic of Korea will actively participate in the efforts to foster a sense of regional community through institutions like APEC and ARF.

I also wish for ASEAN PMC's [Post Ministerial Conference] continued role as an invaluable vehicle for deepening mutual understanding and cooperation among the countries involved. Especially, as we stand at the threshold of the 21st century, I am certain that our concerted march toward a stable and predictable world order will be most worthwhile.

Thank you.

India's Gujral Addresses Relations With ASEAN

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["Statement" by I.K. Gujral, minister of external affairs of India, to ASEAN's Post Ministerial Conference in Jakarta, Indonesia, on 24 July]

[FBIS Transcribed Text] Mr. Chairman, Excellencies, ladies and gentlemen:

It is indeed a signal honour for me to participate in this historic Post Ministerial Conference (PMC) where India is joining this inner-circle of ASEAN friends and partners. We pledge to work with the ASEAN as Full Dialogue Partner to give real meaning and content to the prophecy and promise of the Asian century that is about to dawn upon us.

2. We are gratified at the strong support that our ASEAN friends gave us in electing us to be their Full Dialogue Partners and ARF [ASEAN Regional Forum] participants and we thank them most sincerely.

3. In a way, the Full Dialogue Partnership with ASEAN is a means of positively renewing our ancient affinities with South-East Asia. It re-establishes a kinship that is uniquely an ASEAN-India feature in the spectrum of ASEAN's Full Dialogue Partnership. Where else have entire civilizations grown up in such proximity and symbiosis, sustaining, re-inventing and enriching each other over the vicissitudes of centuries? Where else have shared values, culture and tradition so naturally permeated each other's consciousness. Most telling is the way the spiritual chords that are strung between South-East Asia and India resonate in the everyday life, joys and strivings of our peoples.

4. As India and South-East Asia went through a period of colonial domination, then was a weakening of these bonds. As a result of this discontinuity, even in the post-colonial period, our relations often tended to be derivative rather than direct. This is despite initiatives that were taken in the name of our common Asian personality and participation in the Non-aligned Movement. In fact, it was here in this beautiful country of Indonesia - in Bogor and in Bandung and in the capital of my country New Delhi that attempts were made to reawaken the greatness and solidarity of Asia. It was also the beginning of what India's first Prime Minister and visionary Pandit Jawaharlal Nehru presaged for Asia, that is, "Looking into oneself, feeling a certain assurance, self-confidence, fear also, it may be - but on the whole finding oneself. The seeds of the idea that in matters of technical aid, economic and financial cooperation, trade, human resource development and cultural interchange, Asia would benefit from increasingly looking to itself

without diminishing global engagement, were also sown at that time.

Finding Ourselves - ASEAN and India

5. In retrospect that was just the beginning of the re-entry, of Asia on to the world stage as a compelling actor. But it has taken nearly half a century for many of us in Asia to find ourselves as, in trying to reach our goals, we have followed different paths and have been conditioned by different circumstances and assumptions. In South-East Asia, the steady evolution of ASEAN as one of the most successful South-South groupings - political, diplomatic, economic and security related has shown the way to Asian resurgence through regional cooperation and concentration. They have also proved through their economic success stories, the validity of a uniquely Asian, trade and investment led high growth development model based on social consensus, political discipline and free enterprise.

6. We in India have had to operate on a more complex political, social and economic canvas in trying to deal with the problems of wide-spread poverty, under-developed infrastructure and meeting the basic needs of a large, and growing population. Our achievements, in the context of the pluralistic democratic and federal system that we followed have been significant. At the time of our independence, nearly two third of all Indians lived below the poverty line. Today this figure has come down to 19%. Our average life expectancy has more than doubled during this period. We have a diversified and well-developed industrial, agricultural and technological base which is being revitalized. Free rein is being given to our domestic industry to become competitive. We have sophisticated managerial, marketing, financial and distribution networks and are vying to be a key player on the information highway.

7. A marriage is being effected between our enormous, young and skilled human resource and R&D pool on one hand and global industry and trade on the other. Massive programmes - at the governmental business and NGO level have been launched to strengthen the physical and social infrastructure throughout our country. We have a thriving entrepreneurial culture and a remarkable record in peaceful democratic change, political stability and policy continuity. Economic reforms have further contributed to accelerating our GDP growth rate currently over 6.5% per annum toward generating 8-10 million jobs per annum, bringing about a rapid expansion of middle class consumers and fueling an unprecedented demand and production growth in all sectors of the economy. Our trade flows have surged to 30% per annum and in 1994- 95 \$68 billion, targeted to increase to \$180-200 billion by 2001. FDI [foreign

direct investments] commitments since 1992 have been to the tune of \$19 billion and most global majors have dropped their anchor here. We aim at \$10 billion per year in FDI inflows in the next 5 years and would in turn facilitate domestic and external resource mobilisation by Indian companies.

8. It is not just a coincidence that the last few years of the upturn in India's relations with ASEAN took place at the same time as the significant liberalisation of the Indian economy. We in India, have been inspired by the remarkable economic progress achieved in South-East Asia and we know that we too must now run to keep pace. We realise that speed is risky but we are determined to turn risk into opportunity. In this, we would like to travel with our ASEAN kin on a journey of mutual cooperation, benefit and prosperity.

FDP [Full Dialogue Partnership] and Look-East Policy - Shared Destiny

9. We see the Full Dialogue Partnership with ASEAN as the manifestation of our look-East destiny. This is because we are geographically inseparable, culturally conjoined and now more than ever before, economically and strategically interdependent and complementary. As the curtains of past misperceptions fall, there is mutual recognition of the rich harvest that can be reaped from moving from derived to more direct ASEAN-India relationship and dialogue. ASEAN is now in many ways the core of Asia's larger regional and global engagement - in South-East Asia and Indo-China, in East Asia, in the Asia-Pacific and Europe. India's partnership with ASEAN will have an impact on India's economic, political and security related involvement in these larger, concentric coalitions around ASEAN and, in turn, contribute to ASEAN's own objectives.

10. Looking East is not an attempt to detach ourselves from our own sub-region of South Asia or of looking away from the West. India has worked sincerely and in an enlightened manner to forge the SAPTA [South Asian Preferential Trading Agreement] and will continue to make SAARC [South Asian Association for Regional Cooperation] a strong and viable partnership in the South Asian region. My government is taking several initiatives in this regard. We also seek to increase our traditionally strong economic linkages with countries to the West including many of them that are ASEAN's dialogue partners. What look-East really means is that an outward looking India, is gathering all forces of dynamism - domestic and regional and is directly focussing on establishing synergies with a fast consolidating and progressive neighbourhood to its East in the Mother Continent of Asia.

Key Elements of Full Dialogue Partnership

11. From this perspective, I would like to delineate key elements of our Full Dialogue Partnership with ASEAN:

— We are determined to ourselves in the use of our millennial linkages as the emotive driving force for substantive development of ASEAN-India relations.

— We will build on the new and emerging commonalities and complementarities of political, security and economic goals, policies and strategies in the immediate and the long term.

— We will seek to fully understand and in turn explain our respective national interests on every issue and handle the partnership with pragmatic and consensus orientation, taking a leaf out of the ASEAN book.

— We see the Full Dialogue Partnership as a political and psychological watershed. We will firmly move over from a period of quiescence into a more activist phase and from an era of borrowed images and refracted perceptions to direct communication and proximate cognition in ASEAN-India relations.

— Our Sectoral Dialogue Partnership with ASEAN covered four sectors of maximum interest and complementarity - trade, investment, science and technology and tourism. We would like to move towards comprehensiveness in our partnership without losing focus. I would, therefore, propose two key sectors of cooperation - infrastructure and human resource development cross-referenced to the existing four sectors.

— We will go beyond what we have achieved in every aspect of our relations thus far, because we believe that we have barely skimmed the surface of the intrinsic potential that exists. We will, therefore, be forever scanning the ASEAN-India horizon to look at new areas of cooperation and innovative delivery mechanisms and methods that will invest the relationship with a special significance mid priority down the line.

— We wish to rally all actors - economic, technical, political, social, at home, in ASEAN, in East Asia and rest of the world to attain the full potential of ASEAN-India interaction. We will seek to promote high-level formal and informal political contacts and visits, official-level consultations in bilateral, ASEAN-related and multilateral fora, vigorous business-to-business interaction and match-making, focussed and frequent interchange between our academics, centres of learning and excellence and familiarisation drive to establish direct connectivities between our respective media, cultural and artistic communities.

Common Agenda - Strategic and Economic

12. In political and security terms, we would like the Full Dialogue Partnership and the ARF process to bring to the fore a certain congruity of world view and strategic interests between us. We, like ASEAN believe that a peaceful and secure environment, based on our defence preparedness and strategic outreach, is not merely a guarantor of territorial integrity and national sovereignty but enables us to focus our resources and energies on accelerated economic development. We share the ASEAN conviction that only a graduated, consensual and peaceful approach can help in resolving differences on sensitive, political and security issues. India can thus complement and supplement ASEAN's own quest for establishing a stable, predictable and balanced political and security, order in the Asia-Pacific region. Being of the region, and yet with no history of direct involvement in the conflict of the region, we can be and we have every intention of being a constructive and stabilising factor for peace.

13. We believe we have a major and increasing economic stake in ASEAN. ASEAN markets provide additional avenues and incremental value for our exports of goods, services and manpower. ASEAN is a potential source of the raw materials, intermediates, manufactures and services that our huge economy targeted growing at nearly 7% per annum, is going to need and absorb. Our trade with ASEAN has grown at a dramatic pace of 60-100% in the last 3 years and now stands at over 5 billion dollars and compares well with some of the other Full Dialogue Partners. It is, however, obvious to both sides and our business communities that we can aim at a trebling of that by the year 2000-2001.

14. We would welcome ASEAN capital particularly in all areas of infrastructure development - ports and shipping, airports, civil aviation, power, telecommunication, roads, highways, railways and tourism. We would encourage collaboration between India and ASEAN in prospecting and development of hydrocarbons. We would like their involvement in agro-industries and food processing and in the development of industrial estates and technology parks. We are willing to consider integrated packages and follow, "a hub approach" when circumstances so demand in order to engage ASEAN business more actively and decisively in India. In terms of intra-industry collaboration and production mobility, we look forward to becoming part of the East and South-East Asian Flying Geese formation.

15. In recent years, ASEAN investors have become prominent in the Indian FDI picture, equalling and even surpassing some of our traditional partners from developed countries. Similarly, we attach special importance

to our MNCs [multinational corporation] investing in South-East Asia and making full use of their locational advantage to benefit from the AFTA [ASEAN Free Trade Area], the ASEAN Free Services, Investment and Industrial Cooperation initiatives and Asia-Pacific networking as well as from the software of globalisation that ASEAN have developed and become purveyors of. We would encourage our entrepreneurs to participate in and to garner a share in the activities linked to intra-regional and trans-regional projects such as those related to the Mekong Basin initiative and Asia-Europe Railway Network, where possible, in partnership with their ASEAN counterparts.

16. Of the some 15 million people of Indian origin living outside India, some 3 million are in South-East Asia. They have contributed to the South-East Asian miracle with their intellect, their ingenuity and enterprise as well as with their sweat and toil. The Full Dialogue Partnership is a beacon to our Indian origin brethren in South-East Asia to spread enlightenment about ASEAN in India and about the new India in ASEAN. They can be initiators as well effective channels for trade and investment flows between India and ASEAN. Whilst NRIs [non-resident Indians] are an additional and special factor and source for augmentation of ASEAN-India trade and investment, contribution of all communities of ASEAN will find a warm welcome in India.

17. Mr. Chairman, we know that ASEAN, like India, is at the national and regional level, an epitome of unity and diversity. We would, therefore, like, to strengthen our bilateral relations with individual ASEAN countries and South-East Asia-Ten, taking fully into account their specific context. With those ASEAN countries already having significant relations, we would like to be ambitious and take them to unprecedented heights and levels of intensity. With those ASEAN countries where the relationship is not as profound, new efforts and beginnings will be made. We will, at the same time, seek greater interface with ASEAN-wide institutions, structures and arrangements.

18. Mr. Chairman, by joining the community of nations that the ASEAN and their Full Dialogue Partners represent, we are in a sense entering a second phase of Asian resurgence - one in which cooperation with a dynamic South-East Asia will help us channelise what Pandit Nehru referred 50 years ago "as powerful, creative, impulses mid a new vitality, in all the peoples of Asia". We have seen strong winds of change and progress blowing all over South-East Asia and the world and we wish to have faith in these "great new forces and the dream that is taking shape". Also, I sincerely believe that we together, can translate our robust determination to succeed and bring happiness and prosperity to our

people through friendship, respect for the interests of each other and cooperation with other great nations and continents of this increasingly inter-dependent globe.

Japan's Ikeda Urges Signing of Global Nuclear Test Ban Pact

OW2407093896 Tokyo KYODO in English
0843 GMT 24 Jul 96

[FBIS Transcribed Text] Jakarta, July 24 KYODO — Japan's Foreign Minister Yukihiko Ikeda on Wednesday urged the signing of a proposed global treaty banning all nuclear tests by mid-September.

He made the pitch at the outset of a meeting of foreign ministers from the Association of Southeast Asian Nations (ASEAN) and its dialogue partners.

"I would like to call on the countries concerned to play a constructive role in helping the comprehensive test ban treaty (CTBT) be signed by the time the UN General Assembly session begins in September," Ikeda said.

Negotiations on the CTBT are set to reopen in Geneva next Monday, with attention on whether the already presented final draft of the pact will receive endorsement from 44 major nations.

The countries involved include the five declared nuclear powers — Britain, China, France, Russia and the United States — and three additional countries suspected of having nuclear arms — India, Israel and Pakistan.

This year's UN General Assembly session starts Sept. 17.

In the subsequent closed session of the meeting, Ikeda reiterated that the Middle East peace process should make headway and promised that Tokyo will continue to extend financial and other assistance to the region, a Japanese official said.

Specifically, Ikeda expressed Japan's willingness to help secure Palestinians' employment and improve their livelihood, the official said.

On Bosnia-Herzegovina, the Japanese foreign minister briefed other participants on his recent visit to the war-devastated former Yugoslav republic and urged the international community to make continued efforts toward ensuring that September's planned general elections are successfully conducted.

Turning to international economic issues, he said the first ministerial meeting of the World Trade Organization (WTO), scheduled for December in Singapore, is crucial and called for other countries' efforts to bring the gathering to a successful conclusion.

Ikeda also underlined the need to implement all the accords reached under the General Agreement on Tariffs and Trade, the international trade watchdog that was replaced by the WTO in January 1995, the official said.

He also took the view that the WTO can start talks on new trade-related issues, alluding to a proposed multilateral investment agreement and competition policy, the official said.

But he made no comment on how the WTO should address the question of linking trade and social issues such as labor standards. ASEAN countries oppose the linkage being handled by the WTO.

Ikeda also reiterated Tokyo's support for China's early entry into the WTO.

ASEAN, Australia Clash With Trading Partners Over WTO

*OW2407100396 Tokyo KYODO in English
0936 GMT 24 Jul 96*

[By Tim Johnson]

[FBIS Transcribed Text] Jakarta, July 24 KYODO - The Association of Southeast Asian Nations (ASEAN) and Australia clashed Wednesday with key trading partners in the industrialized west over proposals to expand the agenda of the World Trade Organization (WTO) to include issues like standardized labor conditions and social clauses in trade pacts.

Indonesian Foreign Minister Ali Alatas led the call at a two-day ministerial meeting between the seven-member ASEAN and its 10 "dialogue partners" for the so-called sensitive issues to be shunned at next December's inaugural WTO ministerial meeting in Singapore.

"We should like to emphasize that the discussions in this important meeting should not be trammled by the introduction of issues extraneous to trade," Alatas said.

"This would not only complicate an already complex WTO agenda, it would also denigrate the developing countries and eventually debilitate the organization itself," he said.

ASEAN — comprised of Brunei, Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam — has argued that linking such issues as labor standards to trade would constitute a new form of protectionism which would stifle the trading capabilities of developing countries.

Developed countries such as the United States and France say some developing countries hamper competing western industries by exporting low-priced products made available by exploiting cheap labor.

Australian Foreign Minister Alexander Downer told reporters that he spoke out at the meeting against the labor standard issue being incorporated into the WTO agenda in December.

"It's a well rehearsed position of the Australian Government, but one that is consistent with the position of the ASEAN countries," Downer said.

"We should ensure that any new trade issues taken up at Singapore relate to the WTO's core business of trade liberalization," Downer said in an earlier statement at the meeting.

But Manuel Marin, vice president of the European Commission, said the 15-member European Union "claims and will continue to claim for the respect of fundamental social rights, particularly concerning the banning of forced labor."

"This endeavor is in no way intended to put in question the comparative advantage developing countries enjoy because of their lower labor costs," he assured ASEAN.

U.S. Secretary of State Warren Christopher said in prepared remarks that Washington considers it important "to begin a dialogue on the relationship between trade and core labor standards" at the Singapore meeting.

"Our approach recognizes that different countries have comparative advantages, including different wage rates," Christopher said.

"But workers everywhere should have the benefit of internationally recognized basic worker rights that we have all endorsed, such as freedom of association and an end to child labor exploitation and forced labor," he said.

Christopher added on a precautionary note that ensuring such protections "is also essential to maintaining the consensus for further trade liberalization in the United States and around the world."

ASEAN's dialogue partners at the meeting also included Japan, Canada, Australia, New Zealand, Russia, India, China and South Korea.

South Korean Foreign Minister Kong No-myong did not come down clearly on either side of the WTO debate, but appeared to put the onus on the EU and the U.S.

"The eventual success of the WTO will depend upon the will of the major economic powers to comply with the rules and spirit of the organization," he said, adding that the first ministerial conference will set the tone for future WTO activities.

Japanese Foreign Minister Yukihiko Ikeda made no comment on how the WTO should address sensitive issues.

But he threw Tokyo's support behind China's bid to enter the WTO at an early date.

Ikeda also called on "all countries concerned" to play a constructive role to ensure that the proposed treaty banning all nuclear tests is signed by the time a UN General Assembly session begins in September. Treaty negotiations are set to reopen in Geneva next Monday.

Christopher, meanwhile, reiterated the U.S. commitment to maintain approximately 100,000 troops in the Pacific and said the strong security presence remains "the bedrock for regional stability and prosperity."

He said the strengthening of U.S.-Japan ties through last April's reconfirmation of their security arrangements will ultimately "benefit all the nations of the Asia-Pacific region," trying to ease concern voiced by China that the closer Washington-Tokyo security cooperation might be targeted at Beijing.

The Japanese and South Korean foreign ministers both took the occasion to voice their support for a continued U.S. military presence, with Kong calling it "essential to the maintenance of peace and security, as a reliable mechanism for comprehensive security is still far out of our vision in this area.

Canadian Foreign Minister Lloyd Axworthy urged ASEAN and its other dialogue partners not to be "blind" to the situation in Myanmar [Burma], which became an observer in ASEAN on Saturday.

Australia's Downer said Yangon's [Rangoon] ruling junta has "frustrated" the international community's hopes that the release of pro-democracy leader Aung San Suu Kyi from house detention would lead to the commencement of a dialogue between the military government and her National League for Democracy.

"Instead of a new dialogue and compromise, we have seen confrontation and refusal to talk," Downer said.

Christopher, for his part, appeared to hold out the threat of economic sanctions now being considered in Congress, saying, "we want to work with the nations of the region, but we retain the option of taking more

forceful action as developments in Burma (Myanmar) warrant."

The meeting saw China, India and Russia join the annual meeting for the first time as ASEAN's dialogue partners.

Japan, Rok, U.S. Start Talks on DPRK
OW2407131796 Tokyo KYODO in English
1131 GMT 24 Jul 96

[FBIS Transcribed Text] Jakarta, July 24 KYODO — Foreign ministers from Japan, South Korea and the United States began talks in Jakarta Wednesday on ways to persuade North Korea to join proposed four-way talks on securing peace on the Korean peninsula.

The trilateral session brought together Japanese Foreign Minister Yukihiko Ikeda, South Korean Foreign Minister Kong No-myong and U.S. Secretary of State Warren Christopher.

The peace overture, made in April by South Korean President Kim Yong-sam and U.S. President Bill Clinton, calls on the two Koreas to discuss, along with the U.S. and China, establishing permanent peace on the peninsula.

North Korea has yet to make a formal reply to the proposal, saying only it is considering whether to accept it.

The Korean peninsula has been divided under a fragile armistice accord that ended the 1950-1953 Korean War.

The three foreign ministers are also expected to coordinate views on funding an international consortium launched in March 1995 to provide North Korea with two modern nuclear reactors in exchange for Pyongyang scrapping its nuclear program.

The north's nuclear program was suspected of being aimed at developing nuclear weapons.

Japan, South Korea and the U.S. held two rounds of subcabinet-level talks on the North Korean issue in Honolulu in January and on South Korea's Cheju Island in May.

Australia's Downer Rejects Canadian Proposal on Burma

*LD2407105996 Melbourne Radio Australia
in English 0900 GMT 24 Jul 96*

[FBIS Transcribed Text] American Secretary of State Warren Christopher has issued a new warning that Washington will impose sanctions on the Burmese military government if it does not open up a dialogue with the opposition. Mr. Christopher has also called on the ASEAN [Association of Southeast Asian Nations] nations to use their engagement in Burma constructively to promote greater openness and stability. In another development at ASEAN meetings in Jakarta, there has been limited support for a Canadian proposal for the setting up of a United Nations contact group on Burma. Catherine McGrath reports:

[Begin recording] [McGrath] The Canadian delegation suggested a UN contact group on Burma and the European Union moved quickly to endorse the idea. However, Alexander Downer, Australia's foreign minister, who earlier in the week admitted that Australia's policy on Burma has failed to deliver results, says the proposal has been brought up too late:

[Downer] The first I heard about it was when the Canadian foreign minister made a reference to it in his speech. From my recollection, the European Union gave open support to it, but we have not been involved in any discussions about this with the Canadians or the European Union.

[McGrath] ASEAN moved quickly to rule out the establishment of such a grouping, saying it had no place in resolving the situation in Burma. [end recording]

Australia's Downer Reassures S.E. Asians on Pact With U.S.

*LD2407102496 Melbourne Radio Australia
in English 0800 GMT 24 Jul 96*

[FBIS Transcribed Text] Australia's Foreign Minister Alexander Downer says he has reassured southeast Asian countries that a decision to reiterate a defense commitment with the United States is aimed at regional security. Speaking in the Indonesian capital, Jakarta, where he is attending ASEAN [Association of Southeast Asian Nations] talks, Mr. Downer said he thought it was polite to tell ASEAN countries formally about a renewal of Australia's alliance with the U.S. He says he told the ASEAN countries that Australia saw its link to the U.S. through the ANZUS [Australia-New Zealand-U.S.] defense agreement as an important contribution to regional security.

Later this week, Australia and the United States will issue a declaration designed to complement the 44-year ANZUS alliance. The declaration will also stress the value of the U.S. military partnership to Australia and to East Asia. During high-level defense talks this week, plans are also expected to be announced to upgrade a joint satellite spy base at Alice Springs in central Australia.

Japan

Japan: MOF Considering Delaying Third-Sector Insurance Move

OW2407113596 Tokyo KYODO in English
0809 GMT 24 Jul 96

[FBIS Transcribed Text] Tokyo, July 24 KYODO — The Ministry of Finance [MOF] is considering a proposal to delay for two years the planned entry into the "third-sector" insurance field of subsidiaries of Japanese insurance companies to resolve a dispute with Washington, international financial sources said Wednesday.

The ministry has unofficially conveyed the new proposal to the United States, the sources said. The ministry initially planned to allow the subsidiaries to start selling third-sector insurance products from October.

Third-sector products provide coverage for things such as cancer, nursing care, injuries and accidents. They fall into a gray zone between the life and nonlife insurance sectors that sell policies such as automobile insurance or life insurance.

The proposal emerged a day before Eisuke Sakakibara, director general of the ministry's international finance bureau, and Ira Shapiro, senior counsel of the office of the U.S. Trade Representative, are to start an eleventh-hour meeting in Vancouver, Canada, ahead of the agreed-upon July 31 deadline for concluding the talks.

The ministry came up with the proposal in view of the possibility that it might make it difficult for the subsidiaries of Japanese life insurers to enter the fire insurance and automobile insurance fields, if negotiations drag on further, they said.

Japan will also propose that representatives from Japan and the U.S. get together every three months to check progress of official deregulatory steps in the primary insurance sectors, during the two-year period when the entry by both life and nonlife insurers is postponed, they said.

Foreign insurance companies with branches in Japan depend on the third sector for a large portion of their revenue. Foreign insurers account for some 30 percent of the third sector in Japan.

Japanese insurers are now allowed to provide coverage against third sector-related incidents by attaching related coverage provisions, mainly as options in their mainstay life or nonlife policies.

The U.S. has been urging Japan to put off the entry of the subsidiaries of Japanese insurers into the third sector for three years, while asking Japan to live up

to its commitment to ease restrictions in the primary sectors so that foreign insurers can enter.

The 1994 bilateral accord stipulates that Japan avoid "any radical change" in the business environment in the third sector before foreign insurers are given sufficient opportunities to compete with Japanese rivals in the primary sectors by differentiating rates and forms of policies.

Japan has argued that this accord should be interpreted as binding the activities of only parent insurance companies, rather than the activities of their subsidiaries.

Washington has called this argument unacceptable.

In the past, Japan proposed putting off the entry of the subsidiaries of Japanese insurers for three months, removing a ban on mail-order marketing of automobile insurance, and increasing the types of fire insurance products that foreigners are allowed to sell here.

In the upcoming Vancouver meeting, however, the U.S. may demand further concessions due to anxieties on how far the Japanese government will deregulate the primary sectors in just two years, analysts said.

Japan: Ikeda, Christopher Want Chip, Insurance Pacts by Jul

OW2407070196 Tokyo KYODO in English
0611 GMT 24 Jul 96

[FBIS Transcribed Text] Jakarta, July 24 KYODO — Japanese Foreign Minister Yukihiko Ikeda and U.S. Secretary of State Warren Christopher said Wednesday they want to see a deal struck on bilateral trade disputes on computer chips and insurance by the end of July as previously agreed upon in a Japan-U.S. summit, Japanese Government officials said.

They also reaffirmed their efforts to meet halfway in the talks to engineer a compromise on the thorny trade issues, the officials said.

Prime Minister Ryutaro Hashimoto and President Bill Clinton agreed in April on a conclusion of the trade negotiations in the two fields by the end of July.

Ikeda and Christopher also shared the view that the ongoing review of the guidelines for the U.S.-Japan defense cooperation should be carried out in a manner that poses no threat to neighbor countries.

Japan: Article Views Final Round of Chip, Insurance Talks

OW2407061796 Tokyo MAINICHI SHIMBUN in Japanese 23 Jul 96 Morning Edition p 9

[Two-part article by reporters Shinji Yoshida and Tomohiro Kawamata: "Japan-U.S. Semiconductor, Insurance Talks: Winding Up for a Settlement by the End of the Month — Final Round of Negotiations To Be Held This Week"; first paragraph is MAINICHI SHIMBUN introduction]

[FBIS Translated Text] The final rounds of negotiations over semiconductors and insurance services in the stalled trade talks between Japan and the United States in these two separate sectors will begin this week. Although the two countries remain far apart, they are expected to engage in a fierce tug-of-war, since the leaders of the two countries agreed on "settling by the end of July" at their recent summit meeting in Lyons, France.

Semiconductor Issue — Prime Minister: "Push Through Japan's Proposal"; by Shinji Yoshida

Regarding the issue of whether to extend the existing Japan-U.S. semiconductor agreement, which will expire at the end of July, Shunpei Tsukahara, minister of international trade and industry, and Charlene Barchefsky, acting U.S. Trade Representative [USTR] will meet in a country other than Japan or the United States as early as 30 July. Since the Japanese prime minister and the U.S. President have agreed to settle the issue by the end of July, this meeting will indeed be the last opportunity for the two countries to discuss the issue and strike a deal.

According to a government source, Prime Minister Ryutaro Hashimoto has shown irritation over the attitude of the U.S. Government, which has not indicated any readiness to make concessions. He has reportedly instructed Tsukahara to consider the possibility of "incorporating U.S. requests into Japan's proposal."

Japan intends to remain dead set against U.S. demands to renew the existing bilateral accord and have the two governments continue to survey foreign market shares in Japan.

So far, Japan has proposed setting up a "Global Government Forum [GGF] of Major Semiconductor Countries" that will include the EU, among other countries. The Electronic Industries Association of Japan [EIAJ] has proposed to U.S. semiconductor industries setting up a "World Semiconductor Council [WSC]." At last week's ministerial meeting, Japan presented to the United States

a proposal to convene an annual "joint session" between the GGF and the WSC.

The United States is expected to respond to the Japanese proposal on 23 July.

Japan hopes to reduce government intervention as much as possible. The "joint session" is "intended to prevent direct government intervention in private businesses and markets" (according to a top official at the Ministry of International Trade and Industry).

At the Japan-U.S. talks in New Zealand, where Japan presented its new proposal, U.S. officials said that "the scope of discussion has narrowed." However, a senior MITI official who participated in the talks last year cautioned: "It is the style of U.S. negotiators to stick to their original positions despite hinting to us that they are willing to make concessions."

Japan and the United States also failed to narrow their differences at a meeting of top business leaders on 20 July, as U.S. business leaders insisted on continuing government surveys of foreign market shares. As a result, Japan and the United States are likely to engage in strenuous negotiations at both government and private sector levels up to the last minute before the existing bilateral chip accord expires.

Insurance Services — Finance Minister May Make a Political Decision; by Tomohiro Kawamata

Japan-U.S. insurance talks will come to a climax at a planned two-day subcommittee-level meeting to begin on 25 July between Eisuke Sakakibara, director general of the Finance Ministry's International Finance Bureau, and Ira Shapiro, senior counsel and negotiator of the Office of the U.S. Trade Representative (USTR).

The focal point of the talks is the timing of liberalization measures for the so-called third sector in the insurance services market, which fall between the primary life and nonlife insurance sectors. In particular, the United States, which wants to protect the vested interests of foreign-affiliated insurance companies, which are strong in the accident insurance sector, is trying to delay the entrance into this sector of nonlife insurance subsidiaries set up by Japanese life insurance companies. In reaction, Japan claims that maintaining market entrance regulations runs contrary to liberalization trends brought about by revisions made to the Insurance Law last April.

At a news conference following a cabinet meeting on 19 July, Finance Minister Wataru Kubo indicated readiness to come up with a political decision to settle the insurance issue by the deadline, saying: "We would like to study whether a political decision should be made

after seeing the outcome of the talks on 25-26 July." So far, Japan has presented a compromise proposal to delay the entrance of nonlife subsidiaries into the accident insurance sector by three months from the originally scheduled date and to start at the beginning of next year. However, no agreement has been reached yet. Among the possibilities for a political decision, it is observed that Japan is looking into settling the issue in an ambiguous manner such as further delaying this date or reviewing the timing of the liberalization measures after a certain period.

Japan: Industry Associations Meet on Semiconductor Future

OW2407023996 (Internet) Electronic Industries Association of Japan WWW in English 21 Jul 96

[From the "What's New" link]

[FBIS Transcribed Text] STATEMENT BY EIAJ REGARDING TALKS ON THE U.S.-JAPAN SEMICONDUCTOR INDUSTRY RELATIONSHIP

TOKYO, JULY 21, 1996 ... A four-man executive delegation from both EIAJ [Electronic Industries Association of Japan] and SIA [Semiconductor Industry Association], each accompanied by antitrust counsel from each country, held a private meeting in Vancouver on July 20, 1996. They had an in-depth discussion with the purpose to design the future industry relationship after the expiration of the U.S.-Japan Semiconductor Arrangement on July 31, 1996. This meeting is the fourth following three previous U.S.-Japan industry executive talks.

The meeting was conducted focusing on the following four areas of mutual concern: 1) industry cooperation between suppliers; 2) cooperation between suppliers and users; 3) market share monitoring in the Japanese market and 4) deterrence of dumping.

As for 1), the two industries had a frank and candid exchange of views, and good progress was made in advancing mutual understandings. However, the difference in fundamental positions between the U.S. and Japan could not be narrowed as much as desired on subjects 2), 3), and 4).

EIAJ recognizes that the Japanese market is open, thus market share monitoring is unnecessary, whereas, SIA considers that the continuation of current monitoring is of foremost importance and indispensable to assess market access situation in Japan.

Regarding the future framework for industry cooperation, EIAJ proposed to establish a global multilateral framework for industrial cooperation after the expiration of the U.S.-Japan Semiconductor Arrangement. SIA's position is that the U.S.-Japan bilateral agree-

ment should come first, and afterwards a multilateral framework, such as the World Semiconductor Council proposed by EIAJ, may be established as a next step.

Both industries intend to further their dialogues in parallel with the U.S.-Japan governmental talks on the semiconductor toward the end of July.

PARTICIPANTS EIAJ:

Dr. Tsugio Makimoto Chairman of EIAJ's Electronic Devices Steering Committee Executive Managing Director, Hitachi, Ltd.;

Mr. Masanobu Ohyama Incoming Chairman of EIAJ's Electronic Devices Steering Committee Senior Executive Vice President, Toshiba Corporation;

Mr. Takuji Shinmura Chairman of EIAJ's Users' Committee of Foreign Semiconductors (UCOM) Managing Director and General Manager of Purchasing Dept., Mitsubishi Electric Corporation;

Mr. Toshio Ono Vice Chairman of UCOM Senior Vice President, NEC Corporation. SIA:

Mr. Pat Weber Chairman of Semiconductor Industry Association (SIA) Vice Chairman, Texas Instruments Inc.;

Mr. Wilfred J. Corrigan Member of the Board of Directors of SIA Chairman and CEO, LSI Logic Corp.;

Dr. Thomas George Member of the Board of Directors of SIA President and General Manager, Semiconductor Products Sector of Motorola, Inc.;

Mr. Steven R. Appleton Member of the Board of Directors of SIA Chairman, President and CEO, Micron Technology Inc.

Japan: Report Lauds U.S. Deregulation, Technical Innovation

OW2407054696 Tokyo NIHON KEIZAI SHIMBUN in Japanese 23 July 96 Morning Edition p 5

[FBIS Translated Text] On 22 July, the Ministry of Finance issued a report entitled "Structural Change in the U.S. Economy and Its Background." The report concludes that the vitality of the U.S. economy through the 1990's and beyond is tied to technological innovation by business and competitive progress furthered by the easing of regulations. It stresses the necessity for Japan, too, to earnestly set about undertaking structural reform in such areas as relaxing regulations and correcting differences between domestic and foreign prices.

The report gives two concrete examples of deregulation in the United States: the significant proliferation of airlines following the easing of regulations in the aviation

industry and the liberalization of cross-participation in both communications and broadcasting realized in the telecommunications field. The report also concludes that regulatory relief has spurred a boom in the establishment of companies and growth in such areas as mergers and acquisitions, enhancing the level of business competitiveness.

Also pointed out is the struggle with bad debt management by financial institutions, such as the savings and loan, which put a damper on industrial activity. The report recommends that Japan, learning from the United States, should improve its market access as well as the efficiency of its finance and capital systems through deregulation.

Also mentioned are such U.S. economic problems as the ever-present twin deficits of trade and national debt, which are at a high level, and a widening of income gaps between employed persons. With the advance of deregulation and international specialization, the report emphasizes the necessity of studying the construction of a new employment system, because Japan, too, is threatened with a worsening employment situation, including rising unemployment and restraints on wage increases.

Japan: Committee Chairman Favors Merging Futenma, Kadena Functions

OW2307142496 Naha OKINAWA TIMES in Japanese
21 Jul 96 Morning Edition P2

[Interview with Matsusho Miyazato, chairman of the House of Representatives Special Committee on Okinawa and Northern Problems, by OKINAWA TIMES political and economic news reporter Tatsuo Mekaru; first paragraph is OKINAWA TIMES introduction]

[FBIS Translated Text] A six-man Diet study group of the Okinawa problems on the House of Representatives Special Committee on Okinawa and Northern Problems, headed by chairman Matsusho Miyazato, visited the United States from 8 to 17 July. Among others, the group met U.S. Secretary of Defense William J. Perry, Walter B. Slocumbe, defense under secretary for policy; and chairman Greg Thomas of the East Asia-Pacific Subcommittee of the Senate Foreign Relations Committee and exchanged views about problems, including the relocation of the substitute heliport following the return of the [Marine Corps Air Station] Futenma base.

With reference to the relocation problem, Secretary Perry said that "all possibilities will be examined," suggesting for the first time a proposal for settlement, including the proposed transfer and merger with Kadena Air Base. Chairman Miyazato was interviewed for

comments on the results of tour and on ideas for settlement of the military base problems.

[Mekaru] What points did the delegation appeal?

[Miyazato] The problem of scaling back U.S. bases on Okinawa has registered considerable progress with the agreement to totally return Futenma. I give high marks to the decision. But this does not mean that all problems have been solved. There are difficult problems of clearing conditions for the relocation. Our delegation made an appeal to the effect that the solution of the base problems on Okinawa and winning the understanding and cooperation of the Okinawa people are inevitable for the smooth management of the Japan-U.S. security system and that the relocation should be carried out in discreet manner.

[Mekaru] The U.S. side has proposed a merger with Kadena as a solution to the problem of constructing a substitute heliport to relocate Futenma. What are the reasons behind it?

[Miyazato] The Kadena Munition Depot, Camp Hansen, and Camp Schwab have been mentioned as possible site of the relocation, but the construction of new bases in these areas is extremely difficult in view of on the ground realities. I cannot help saying that it is absolutely impossible to build a 1,500-meter-long runway. The U.S. side is against the merger plan on grounds that it is difficult to manage the air traffic control of fixed-wing planes and rotor helicopters in one base and that the air force and the marines have different missions. But I remember a case wherein troops were moved to Kadena Air Base without any consultations with the prefectural government when the U.S. pulled out of the Philippines. In this connection, I cannot comprehend why the heliport cannot be relocated to Kadena.

[Mekaru] Defense Secretary Perry said, "all possibilities will be examined." How do you interpret this?

[Miyazato] I feel a positive examination is under way. I had been informed from the Foreign Ministry and the Defense Agency that the U.S. side was strongly opposed to the merger with Kadena. Studying all the possibilities sounded to me that both Japan and the United States are determined to discuss the problem to the limit.

There are two opposing demands: a demand is made to the prefectural side to secure quiet peaceful life for the local people, while the U.S. side is faced with another demand to maintain the functions of the existing bases. Accommodating the facilities in either base has no other choice but for Okinawa to choose from minus factors. So the place with less minus factors has to be chosen. The Foreign Ministry and the Defense Agency naturally lean toward Kadena. When I told Secretary Perry that

the merger with Kadena did not make progress due to the resistance of the U.S. forces in Okinawa, he promised to examine all possibilities.

[Mekaru] We understand that the locality is opposed to the Kadena merger plan.

[Miyazato] Certainly I am criticized for my remark, but the relocation of Futenma was agreed upon by top Japanese and U.S. leaders. Prime Minister Hashimoto had in advance the consent of Governor Ota to cooperate. I know that some people are determined to oppose to the end any relocations in Okinawa, but that will not solve the problem. Futenma will not be returned. The return of Futenma, which top Japanese and U.S. leaders agreed to and which is the aspiring wish of all prefectural people, will not materialize.

I fully understand the feeling of the Kadena-cho authority and its residents in opposing the plan. The site of relocation must not be close to the town of Kadena. I think it better to be relocated to its opposite side, near the golf course. The conditions for site selection and its scale must be set in detail to secure the quiet and peaceful life of the local people. It means, for example, to reduce noise hazard further than the existing limit. As a politician, I believe there cannot be any other choice than accommodating it in Kadena. Both the Japanese and U.S. Governments and the Okinawa Prefecture must do its utmost efforts.

[Mekaru] For the solution, what should be done by the Japanese and U.S. Governments and the prefecture?

[Miyazato] Although U.S. Ambassador to Japan Walter E. Mondale was reported to come up with a U.S. plan in a week or two, I do not believe it. Probably a plan may be worked out by early September, or by the end of August if the plan is to be incorporated into the estimate budget request. Negotiations will be tough. The prefectural government should work positively to coordinate adjustments with city and village authorities.

Japan: DFAA Facing Difficulties Urging Landowners To Sign Leases

OW2307143096 Tokyo YOMIURI SHIMBUN
in Japanese 22 Jul 96 Morning Edition p 3

[FBIS Translated Text] The Defense Facilities Administration Agency (DFAA) has dispatched officials to Okinawa to start persuading some 3,000 reluctant landowners to sign lease contracts on land for use by U.S. forces on Okinawa. However, DFAA officials have run into difficulties as none of the landowners have agreed to sign lease contracts, so far.

DFAA officials began the task of trying to convince 120 "original landowners" who live in Okinawa and own

plots of land that they inherited from their ancestors. However, the officials have only been able to meet 86 landowners, of which 78 have refused and eight have withheld their decision. Not a few cases have been reported where DFAA officials had the door slammed in their faces as many of the landowners are "firmly determined to refuse signing lease contracts" (according to a DFAA source).

The DFAA plans to "continue to try twice or three times to convince the landowners even if rejected" (according to DFAA Director General Masuo Morodomi). The DFAA also plans to dispatch officials from the agency's local bureaus to visit the homes of some 2,900 individual landowners who live outside Okinawa in various parts of Japan.

However, it is inevitable that the DFAA will further face rough sailing as most of these landowners are one-tsubo anti-war landowners who advocate the idea "to spread the campaign to refuse signing lease contracts." It is expected that the DFAA will continue to carry out this task until late next month, but for agency officials who are required to meet face-to-face with the landowners, it will probably turn out to be an unusually "hot summer" this year.

Japan: Ikeda, Christopher Begin Bilateral Talks

OW2407041396 Tokyo KYODO in English
0341 GMT 24 Jul 96

[FBIS Transcribed Text] Jakarta, July 24 KYODO — Japanese Foreign Minister Yukihiko Ikeda and U.S. Secretary of State Warren Christopher started talks here Wednesday on general issues of common interest.

The two were to focus on the management of overall bilateral relations, rather than specific security and economic matters, Japanese officials said.

"Economic and security issues are being addressed by the heads of government ministries and agencies concerned. I don't think these will be up for discussion in Jakarta," one official said.

But Ikeda and Christopher may compare notes on bilateral disputes over semiconductors and insurance trade as the deadline for their resolution is just a week away.

Japanese Prime Minister Ryutaro Hashimoto and U.S. President Bill Clinton set the July 31 deadline when they met in Lyons, France, late last month during a summit of the Group of Seven (G-7) economic powers.

Ikeda and Christopher may also reaffirm the need to downsize U.S. military bases in Japan's southernmost

prefecture of Okinawa and to promote bilateral defense cooperation under fresh defense guidelines.

Japanese officials said the two are also likely to exchange views on the situation in Asia.

But the issue of North Korea is not likely to be dealt with at the meeting as the Japanese and U.S. foreign ministers are set to confer with their South Korean counterpart Kong No-myung later Wednesday to discuss ways to encourage Pyongyang to join proposed four-way talks aimed at securing peace on the Korean peninsula.

Japan: Ikeda, Christopher Pledge Cooperation on Okinawa Bases

OW2407075596 Tokyo KYODO in English
0743 GMT 24 Jul 96

[By Takehiko Kajita]

[FBIS Transcribed Text] Jakarta, July 24 KYODO - Japanese Foreign Minister Yukihiko Ikeda and U.S. Secretary of State Warren Christopher on Wednesday pledged to maintain close cooperation in downsizing U.S. military bases in Japan's southernmost prefecture of Okinawa, a Japanese official said.

Ikeda and Christopher held a 30-minute talk while they were in Jakarta for an annual meeting of foreign ministers from the Association of Southeast Asian Nations and its dialogue partners.

Ikeda expressed hope that Tokyo and Washington can make headway in their efforts to draw up a substantive final report on the reduction of U.S. bases in Okinawa by November, the official said.

A special Japan-U.S. committee is scheduled to release a final report in November with specific blueprints to consolidate U.S. bases and reduce the burden of the security alliance on the people of Okinawa.

"Japan and the United States need to keep in close consultation in the field of bilateral security," the official quoted Ikeda as saying.

About 75 percent of all land used by the U.S. military in Japan is concentrated in Okinawa Prefecture, which accounts for only 0.6 percent of Japan's total land area.

Japan and the U.S. set up the joint committee on the Okinawa base issue last November to come up with measures to reduce U.S. bases in the island prefecture within a year, following the rape of a local schoolgirl by three U.S. servicemen last September.

In Wednesday's meeting, Christopher agreed to keep in close contact with Japan on the issue and noted

the two countries should also promote mutual security cooperation, the official said.

Ikeda and Christopher also shared the view that Tokyo and Washington need to continue seeking understanding of their security partnership from other countries, especially in Asia, the official said.

"It is necessary to promote our security cooperation with the understanding of the countries in this region," Ikeda was quoted as saying.

Turning to economic issues, Ikeda and Christopher reaffirmed that the two countries will strive to resolve bilateral disputes over semiconductors and insurance trade by July 31, the official said.

Japanese Prime Minister Ryutaro Hashimoto and U.S. President Bill Clinton set the deadline when they met in Lyons, France, late last month during the Group of Seven summit.

Ikeda told Christopher that it is important for both sides to make concessions to find mutually acceptable ground in sectoral issues, the official said.

Christopher said the two nations should try to settle their trade differences in a manner that would avoid creating a confrontational mood between them, the official said.

Meanwhile in Tokyo, Chief Cabinet Secretary Seiroku Kajiyama told a press conference that Christopher apologized in the talks with Ikeda over the alleged attempted murder and robbery by a U.S. sailor of a Japanese woman in Sasebo, southwestern Japan, last week.

Kajiyama quoted Christopher as telling Ikeda in Jakarta that he was very sorry about the incident and expressed his sympathy for the victim and others involved.

The alleged attempted murder and robbery by the 20-year-old Michael Swanson was sent to Japanese prosecutors Sunday.

Swanson was arrested Saturday after the U.S. agreed to hand him over to Japanese police at a meeting the previous day of the Japan-U.S. Joint Committee on the status of U.S. military personnel in Japan.

The U.S. sailor is suspected of slashing the 20-year-old woman in the throat and stealing more than 10,000 yen from her July 16 in Sasebo, Nagasaki Prefecture.

The handover of Swanson is the first since the U.S. agreed last October to turn over U.S. military personnel suspected in serious criminal cases even before they are indicted.

The U.S. accord to change the handling of U.S. military personnel in criminal cases under the Japan-U.S. Status

of Forces Agreement followed the rape case in Okinawa last September.

Japan's Ikeda Holds Talks With New Zealand Counterpart

OW2307141796 Tokyo KYODO in English
1351 GMT 23 Jul 96

[FBIS Transcribed Text] Jakarta, July 23 KYODO — Japan and New Zealand agreed Tuesday to join forces to push for reform of the U.N. Security Council, Japanese officials said.

The agreement came in a 30-minute meeting between Japanese Foreign Minister Yukihiko Ikeda and New Zealand Foreign and Trade Minister Donald McKinnon, the officials said.

McKinnon, who doubles as deputy prime minister, pointed out that the proposed reform of the powerful U.N. body is not being carried out as smoothly as hoped for.

Ikeda said there is a need to increase the number of permanent and nonpermanent members and that a more appropriate regional representation system should be considered, according to the officials.

McKinnon also complained the regional balance of council members is disproportionate, saying Europe is overrepresented.

The Security Council, which was not formed as a regional body, has as permanent members the five World War II victors — Britain, China, France, Russia and the United States — along with 10 rotating nonpermanent members.

Ikeda sought New Zealand's support for Japan's bid for a 1997-1998 nonpermanent seat on the council in this fall's election, and McKinnon replied New Zealand expects Japan to play an active role within the U.N., the officials said.

Japan: Hashimoto Vows Help for Bosnia-Herzegovina Refugees

OW2307131896 Tokyo KYODO in English
1257 GMT 23 Jul 96

[FBIS Transcribed Text] Tokyo, July 23 KYODO — Prime Minister Ryutaro Hashimoto signaled Japan's readiness Tuesday to participate in a \$106 million housing project for refugees of Bosnia-Herzegovina, government officials said.

The officials said Hashimoto made the statement in a meeting with visiting U.N. High Commissioner for Refugees Sadako Ogata.

There are an estimated 2 million refugees in Bosnia-Herzegovina.

Tokyo in 'Dilemma' Over Auto Trade With Brazil, Indonesia

OW2407072096 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 23 Jul 96 Morning Edition p 5

[FBIS Translated Text] The Japanese Government is in a dilemma as to whether to appeal to the World Trade Organization (WTO) against discriminatory auto policies of both Brazil and Indonesia. Despite the fact that Japan has been waving a possible appeal to the WTO before their eyes since this spring, the two countries, which have friendly relations with Japan, have responded slowly, and the government itself is now in doubt whether it should carry out its basic trade policy of following international rules by proceeding against two friendly nations.

Brazil raised the tariff last year and later applied the preferential tariff arrangements to some manufacturers. This has led to a drastic decrease in Japan's auto exports. Senior officials of the Ministry of International Trade and Industry [MITI] visited Brazil in June and made a show of issuing a final notice of appeal to the WTO. However, Brazil proposed a tariff allocation system designed to limit the tariff to a certain number of imported autos. Although it "also violates WTO rules" (said a senior MITI official), the government decided not to appeal to the WTO for the time being and resumed negotiations at Geneva, where the WTO headquarters is located, from 22 July.

Meanwhile, Indonesia is moving ahead on a plan to produce a national automobile while giving preferential tax treatment to certain makers. In spite of MITI's warning that such a taxation system runs counter to WTO rules, Indonesia has started displaying national cars produced in South Korea at auto shops and taking advance orders for them, ignoring MITI's warning. But when it comes to the question of appealing to the WTO, MITI still maintains a wait-and-see attitude, because "cars ordered have not been imported yet."

Like Brazil and Indonesia, Japan once adopted a protective policy to nurture its domestic industries. It seems that Japan, in fact, wants to "avoid appealing" to the WTO partly because the two nations have friendly relations with Japan and are important places from which Japan can import such things as resources and food. However, as demonstrated in the case of auto and semiconductor disputes, it is Japan's basic principle to attach importance to WTO rules. If Japan shelves its stand of bringing the case to the WTO, there is a possibility of

being criticized by the United States and other nations for "being inconsistent in its policies."

Japan: Editorial Against Bilateral Trade Talks, Favors WTO Role

OW2407054596 Tokyo MAINICHI SHIMBUN in Japanese 23 Jul 96 Morning Edition p 5

[Editorial: "Need To Establish a WTO Regime Soon"]

[FBIS Translated Text] Although it is the summer vacation season, Japanese and U.S. trade negotiators are still locked in disputes over semiconductors, insurance, aviation, and photographic film. As it is the U.S. Trade Representative Office's (USTRO) job to negotiate trade problems, and as it seems likely that problems will always stalk U.S. trade, with combined exports and imports exceeding \$1 trillion, the USTRO may never run out of grievances. Indeed, it is its job to complain to other governments.

Given this setup, we cannot help but wonder whether it is appropriate for our government to intervene every time the USTRO complains about something. Perhaps it is time that the danger of intergovernmental negotiations are addressed seriously. The four issues now being disputed are essentially very specific quarrels between companies, even though they take the appearance of general issues. It is at least clear that these are not the sorts of things the world's two leading economies should be fighting over.

The World Trade Organization (WTO) has been created. The Japanese Government should promptly end the practice of negotiating with the United States on a bilateral basis and should instead uphold the principle of taking all such disputes to the WTO for settlement. In the not too distant future, Japan may need its own version of a "USTRO" to negotiate with the rapidly growing economies of Asia, but this country lacks both the power and the aggressiveness of Washington. It will not do to go to the WTO suddenly when the time comes. It is only by actively bolstering the nascent WTO that we will be able to make assertions and safeguard free trade in the future.

For example, take the controversy over the extension of the semiconductor agreement. This unprecedented accord was concluded at a time when the U.S. semiconductor industry was pathetically lagging behind in the competition for super-downsizing of memory, and Japan offered its cooperation by making a commitment to buy U.S.-made chips regardless of quality, to help resuscitate the then struggling U.S. microchip industry. The agreement has resulted in a reversal of position, and now Japan is in a squeeze. However, Washington is insisting on another extension to ensure a minimum

market share of U.S. semiconductors in Japan, lest yet another reversal of fortune might allow the Japanese to gain the upper hand again.

Japan should naturally reject the U.S. call for an extension. However, the long negotiation process so far has resulted in certain obsessions. It is likely that the two sides will reach a last-minute agreement by the end of July by accepting differing interpretations just to avoid a breakdown in the negotiations. As a result, the agreement will likely be interpreted in different ways when concrete disputes occur in the future.

In the case of insurance, it is theoretically true that little progress has been made in the liberalization of Japan's insurance market. Japan indeed needs to work for further liberalization. Although Japan has proposed a degree of liberalization during the present negotiations, U.S. firms operating here have complained that under those terms they stand to suffer encroachment by Japanese competitors on their hitherto exclusive domains. The Americans are insisting on either full market liberalization or the continued protection of their vested interests.

The principle of self-responsibility has not taken root in Japanese society to an extent permitting total liberalization of insurance. It is not a society that can tolerate a situation in which insurance policies may turn into worthless scraps of paper after a firm has failed.

It will take at least decades to reach that stage, and it is still uncertain whether this will indeed be desirable. The implications are too serious to allow a quick conclusion just to meet the deadline, or merely to please the USTRO; and this is not a decision that can be made by one bureaucrat negotiator. The time has come to depart from the era in which it sufficed to have negotiators in bilateral talks offer improvised piecemeal compromises.

Japan: Spokesman on DPRK Assistance, Other Issues

OW2407112196 (Internet) Japanese Ministry of Foreign Affairs WWW in English 23 Jul 96

[News Conference by Japanese Ministry of Foreign Affairs spokesman Hiroshi Hashimoto with unidentified reporters on 23 July; place not given; from the "What's New!" link]

[FBIS Transcribed Text] [Topics of Discussion]

I. Japan's cooperation regarding the election of the Presidential Council in the Federation of Bosnia-Herzegovina

II. Reported lighthouse construction on Kita Kojima in the Senkaku Islands

- III. Trip to Japan by contingent from North Korea
- IV. Japan-Republic of Indonesia trade relations
- V. Possible discussion of Korean Peninsula matters at the ASEAN Regional Forum (ARF) in Jakarta
- VI. Alleged North Korean bartering for rice supplies
- VII. Press Conference summer break

I. Japan's cooperation for the election of the Presidential Council in the

Federation of Bosnia-Herzegovina

Foreign Ministry Spokesman Hiroshi Hashimoto: Good afternoon, ladies and gentlemen. Welcome to this regular Ministry of Foreign Affairs Press Conference. On 14 September 1996, elections are to be held in seven categories in the Federation of Bosnia and Herzegovina. Japan has decided to dispatch 20-30 election supervisors, and is currently undertaking the necessary preparations for that dispatch. In addition to this, Japan is currently giving consideration to dispatching approximately 10 election monitors. The Government of Japan has already decided to extend the financial contribution of US\$2 million for the purchase of ballot papers and other necessary material to the Organization for Security and Co-operation in Europe (OSCE) with a view to assisting the preparation and holding of the elections.

That is the announcement that I wanted to make, and I will be delighted to respond to any questions that you might have.

II. Reported lighthouse construction on Kita Kojima in the Senkaku Islands

Q: Regarding the political group called the Seinenensha that built a lighthouse on Kojima Island, what is the Japanese Government's attitude toward it? Did you actually know that they were going to build the lighthouse in advance — because it is hard to believe that they could ship this huge lighthouse there without notifying the Japanese Government? So, is the Japanese Government going to admit that the lighthouse is a way to show that the Senkaku Islands are Japanese territory?

A: Your question includes many elements. So, I will begin by explaining the fundamental position of the Government of Japan on the Senkaku Islands. It is clear, historically and in light of international law, that the Senkaku Islands form an integral part of Japanese territory. The Islands are under the effective control of Japan. There does not exist any territorial issue regarding the Senkaku Islands. This is our basic position on the Senkaku Islands. You asked about the lighthouse. Yes, we know that a lighthouse has been constructed on the small island of Kita Kojima. Patrol boats of the

Maritime Safety Agency verified the construction of the lighthouse.

Q: So, the Japanese Government knew in advance of the Seinenensha tower? What I am saying is that there is speculation that the Japanese Government supported this group which actually happened to build this lighthouse.

A: It has been reported that an organization called Nihon Seinenensha has constructed the lighthouse, but the Ministry of Foreign Affairs has not confirmed this officially. The Government itself does not maintain its own land on this small island of Kita Kojima. However, we now understand that a small lighthouse has been constructed over there.

Q: Today's newspapers say that the Taiwanese Government is going to send a military force to patrol the area as a way to protest. What is the Japanese Government's attitude toward this kind of protest?

A: We know by the report that several vessels of Taiwan may be sent to the area, but we are not aware that the coast guard or navy of Taiwan will be dispatched to the area. In any case, we are of the view that it is not productive to take up this issue emotionally.

Q: So, if they send a military force, what would the Japanese side do?

A: As I said, we are completely unaware that naval or coast guard ships will be sent to that area.

Q: Since the Japanese Government declared that it is Japanese territory, as journalists here, do we have the right to go there to report? Could we apply formally to go there to take pictures or have our cameras photograph the lighthouse? Because we have the proper status here as foreign journalists, can we do that through the Ministry of Foreign Affairs? Can we actually apply?

A: The Ministry of Foreign Affairs obtains information concerning the construction of the lighthouse; however, the Ministry itself is not in charge of this matter. Therefore, we have to be very careful as to what extent we disclose the information we obtain. We would like to avoid unnecessarily irritating the feelings of the other countries and the region concerned by disclosing the information we have. Therefore, it is probably not a good idea for the Ministry of Foreign Affairs to comment further on this situation surrounding the construction of the lighthouse.

Q: Regarding the Senkakus, you mentioned that the Islands are under the effective control of Japan. And, you said that the Maritime Safety Agency is currently patrolling the area. Is that correct?

A: That is right, yes.

Q: Then, if any other country should take an action which could be interpreted as a violation of Japanese sovereignty, then the Japanese Government, obviously, is ready to take necessary action?

A: I repeat once again, that it is clear, historically and in light of international law, that the Senkaku Islands form an integral part of Japanese territory. But, at the same time, we understand that Taiwan, for example, has its own claims on the Islands. It is a very sensitive issue because of that. Therefore, we would like to refrain from making comments on such a hypothetical question.

III. Trip to Japan by contingent from North Korea

Q: Regarding the North Korean delegation led by Mr. Li Jong Hyoke which was invited to Japan — they are performing a sales trip on promoting free trade areas, and they have been traveling around Japan doing that. He will be back in Tokyo this afternoon and his schedule shows that he will be meeting with Keidanren or MITI officials tomorrow. There is also speculation saying that Japanese Suisancho [Ministry of Agriculture, Forestry and Fisheries] officials might meet him. Are there any plans to do so?

A: I do not have information on whether an official of the Ministry of International Trade and Industry intends to contact the gentlemen. Please refer to the Ministry of International Trade and Industry on this.

IV. Japan-Republic of Indonesia trade relations

Q: Would Japan intend to take Indonesia to the WTO, even if Indonesia does not change its national car policy?

A: Up until now, we have been conducting a series of talks with the Government of the Republic of Indonesia on this issue. We hope that bilateral talks between the two governments will help in solving the question. However, if the Government of Indonesia does not change its policy, we will have to think of taking adequate steps, including the possibility of taking up this issue with the World Trade Organization (WTO). However, the Government of Japan has not taken this position officially yet. Minister for Foreign Affairs Yukihiko Ikeda is there, and we hope that both governments can constructively approach this issue.

V. Possible discussion of Korean Peninsula matters at the ASEAN Regional Forum (ARF) in Jakarta

Q: Regarding the ASEAN Regional Forum which may not have ended yet, could you give us some observations about what the Forum will discuss regarding the Korean Peninsula?

A: Already, the informal dinner meeting took place yesterday. Today, I am sure that the ministers concerned will exchange views on the situation relating to peace and stability in the Asia-Pacific region, and they may talk about the Korean issue. Basically, the members of the ASEAN Regional Forum (ARF) are very much interested in heightening confidence-building measures in that area, but at the same time, making use of the situation, they can exchange views with the counterparts of other regions such as you mentioned. However, we do not know what the ministers are actually going to talk about, but I am sure that if the subject is taken up, the Japanese side will emphasize the importance of holding the four-party meeting in the very near future.

VI. Alleged North Korean bartering for rice supplies

Q: Do you have any independent information from reports from the Republic of Korea that Kim Chong-il wants to engage in trade with Thailand? It is reported that North Korea wants to get rice in exchange for whatever product it can offer.

A: I have not obtained any information on the question you raise.

VII. Press Conference Summer Break

Foreign Ministry Spokesman Hiroshi Hashimoto: I believe I have, for the time being, fulfilled my duties of meeting with you for the regular Press Conference. On Friday, Hidehiko Hamada, my colleague and newly appointed director of the International Press Division, will hold the last Press Conference before the summer break. After that, we will adjourn for the summer holiday and meet once again on 3 September. But, if you have any questions individually, of course you are welcome — my office door is always open to you. Thank you very much.

Japan: Ikeda Voices Hope for Stronger Ties With ASEAN

*OW2407101496 Tokyo KYODO in English
0938 GMT 24 Jul 96*

[FBIS Transcribed Text] Jakarta, July 24 KYODO — Japanese Foreign Minister Yukihiko Ikeda expressed his desire Wednesday to forge a stronger partnership with the Association of Southeast Asian Nations (ASEAN) to tackle a host of regional and global issues.

"Japan looks forward to cooperating with ASEAN, maintaining even stronger bonds of friendship, and combining our strength as 'partners' in tackling the various issues that the Asia-Pacific region and the world

face," he said in an address at his meeting with ASEAN representatives.

"We expect that the experience and wisdom of ASEAN's 'cooperation in diversity' should be a model for other regions and that ASEAN will make further contributions to the international community as a whole" in many fields, he said.

Ikeda pointed to the need to promote dialogue and cooperation between Japan and ASEAN as rapid economic growth in Asian countries could cause global energy and food shortages as well as environmental destruction.

He also sought mutual cooperation in developing the Mekong River basin and assisting developing countries outside the ASEAN region.

"I would like to take this opportunity to reiterate our determination that, as we approach the 21st century, Japan intends to move forward hand in hand with the ASEAN countries and contribute to the future of the Asia-Pacific region and the world as a whole," he said.

ASEAN groups Brunei, Indonesia, Malaysia, Singapore, the Philippines, Thailand and Vietnam.

The meeting between Ikeda and the ASEAN representatives led by Thai Foreign Minister Amnuay Viravan came on the wings of a series of high-powered talks sponsored by ASEAN and attended by the world's major economic and military powers.

In his address, Amnuay expressed hope Japan will remain engaged in the ASEAN region and sought Tokyo's active cooperation with ASEAN in political and economic fields.

"Japan has an important role to play in complementing ASEAN's efforts to promote peace and prosperity in the region. We encourage Japan to be constructively engaged in the region and to show support for regional security initiatives," he said.

The Thai foreign minister also urged Japan to increase its imports from ASEAN countries and rectify the trade imbalance in favor of Japan for the past several years.

"It is necessary at this point in our relations to correct existing structural imbalances in ASEAN-Japan trade relations," he said, adding ASEAN wants Japan to increase imports of manufactured goods and agricultural products from its member states.

To this end, Amnuay proposed launching a new governmental framework in Tokyo to address trade matters between ASEAN and Japan.

He said the proposed forum should bring together officials of Japanese Government departments concerned and senior trade officials of ASEAN embassies in Japan.

"We look to Japan, as a leading trading nation, to show leadership in trade and investment liberalization and facilitation," he said.

Japan: Kato Eyes Asian Unease Over Relations With PRC

OW2407014396 Tokyo KYODO in English
0128 GMT 24 Jul 96

[FBIS Transcribed Text] Washington, July 23 KYODO — Asian concerns over Japan-China relations partly mirror the importance of the United States continuing its military presence in the East Asian region, a Japanese ruling coalition party leader said Tuesday.

Koichi Kato, secretary general of the Liberal Democratic Party, expressed the view in a speech at a luncheon sponsored by the Japan-America Society on the occasion of his visit here since Sunday.

In replacing the U.S. military role in the region "over time," Kato said the Association of Southeast Asian Nations regional forum (ARF) could develop a joint military system in Asia, and Japan should consider taking part even by revising the current Constitution if other Asian nations desire.

But now as Japan and the U.S. reaffirmed in a joint security statement in April, Kato said, "...Continuing American military presence is fundamental to the maintenance of Asia's peace and stability."

On possible consequences if Asia loses the U.S. presence, Kato said, "despite the efforts by those currently in power in China and Japan to establish good relations with each other, developments in Korea, in the Taiwan Straits, or in Southeast Asia could result in misunderstandings, and a tendency for China and Japan to oppose each other."

Against this backdrop, he said, "people within the region would perceive a security vacuum which only China or Japan could fill."

"We need, the region needs, a strong U.S.-Japan security treaty for many years to come," Kato said.

But Kato quickly ruled out concerns expressed by some Chinese leaders that the reaffirmed U.S.-Japan security cooperation is directed against China.

"This is not how it is seen in Japan," he said. "Quite the contrary, the U.S.-Japan relationship is seen as a necessary building block of regional peace and security and thus a contribution to China's security environment as well as to the security interests of Japan and the United States."

"Without the U.S.-Japan security treaty and the U.S. base facilities in Japan, the U.S. forward presence in Asia would lose most of its credibility and would be far more expensive to maintain," he added.

However, Kato said, "over time, a system of relations should be developed within Asia that does not depend so much on the United States."

"In this sense," he noted, "the ARF may represent the future, but that future is still very distant."

China also participates in the ARF, which is currently holding a foreign ministerial meeting in Jakarta, Indonesia.

Given the current situation, Kato said, "some of the ideas that Japan might contribute forces to a U.N. standing force or some ASEAN regional forum force are simply not realistic...because such institutions are not likely to be developed any time soon at the international level."

But he said, "if such forces eventually become a reality, and Japan's participation is desired by neighboring countries, Japan certainly should consider taking part in such joint efforts even if this requires a review of the current constitutional position."

Until such Asian military arrangements are realized, Kato said Japan would continue its nonmilitary contributions to regional security through three main channels.

Japan's contributions are taking leadership in reducing global arms proliferation, extending economic assistance for helping in the mediation of military conflicts, and actively participating in multilateral institutions to develop working relationships with other Asian countries.

On the Chinese role in regional security, Kato dismissed concerns over Chinese expansionist policy and some calls in Japan for containing China.

"I do not share this level of concern, nor does it reflect mainstream thinking in Japan," he said.

With China becoming "a more pluralistic and decentralized society," Kato said, "it is quite doubtful that any single leader could impose the kind of control over Chinese society that Mao Zedong once exercised."

But Kato noted, "the Chinese today believe that since the collapse of the Soviet union, China is the only country in Asia or the world that can deal with the United States as an equal, and this results in Chinese thinking that China eventually needs to be equally strong as the United States."

While playing down concerns over China, Kato said Japan sees current security threats from North Korea

and the unstable Russian Government under President Boris Yeltsin.

Japan: Burma Issue 'Likely' To Emerge at ARF Meeting

OW2407004796 (Internet) Shima Media Network
WWW in English 21 Jul 96

["This Week July 22-28"; "Sun or North Wind? Opposition Over How To Deal With Burma"; from on-line weekly journal TOKYO KALEIDOSCOPE No. 94]

[FBIS Transcribed Text] Differences over how to deal with the military regime in Burma will likely surface at the ASEAN Regional Forum (ARF) which begins on Tuesday in Jakarta, as well as at the following two-day extended foreign ministers meeting.

Western countries have strongly criticized the junta's continued suppression of democratic forces and their leader Aung San Suu Kyi, asking ASEAN to pressure the military regime to improve human rights. The United States in particular has expressed its discontent by hinting at economic sanctions against the country.

Meanwhile, ASEAN governments have subscribed to a policy of "constructive engagement" in a bid to make the junta more flexible by actively drawing the country into the international community through economic exchanges. In particular, Singapore and Brunei, both of which have human rights problems in their backyards, are increasingly against the West's pressure against Burma, which they consider to be "interference in a regional issue."

At its foreign ministerial meeting last week, the group stated in its joint communique that it would work to include Burma as a member with an eye towards the 30th anniversary of the organization's founding, and that it would strengthen economic assistance to Burma. However, it failed to touch upon the creation of a mechanism for regional cooperation on human rights by member states, a request submitted by various Western and Asian non-governmental human rights organizations. Meanwhile, Burma, which was given observer status, pointed out that it was the first country to ratify the Southeast Asia Nuclear Weapon-Free Zone Treaty signed at last December's ASEAN summit meeting, thereby expressing enthusiasm for joining the group.

Japan has taken a neutral position between the West and ASEAN, albeit a little closer to ASEAN's position, having given "humanitarian assistance" to the junta even before the release of Suu Kyi from house arrest last year. The country's democratic forces have been critical of Japan's policy, saying it is helping the military regime.

Tokyo Concerned Over Political Situation in Burma
BK2407084296 Bangkok *THE NATION* in English
24 Jul 96 p A6

[Report by Don Pathan and Yindi Loetcharoenchok]

[FBIS Transcribed Text] Jakarta — Japan has expressed strong concern over the political situation in Burma, saying the international perception of the trouble-plagued country is not based on bias reporting but on facts, citing the recent widespread crackdown on Burmese opposition party members.

The concern was expressed on Monday by Japanese Foreign Minister Yukihiko Ikeda during a bilateral meeting with his Burmese counterpart U Ohn Gyaw. Japanese government spokesman Ken Shimanouchi said after the talks.

"Minister Ikeda said the perception of the international community was not created by one-sided reporting by the media.

He said that this perception is based on fact — referring to the detention of a large number of NLD (National League for Democracy) members," Shimanouchi said.

The Japanese view of the arrests in May of more than 260 NLD members before their party congress by the Burmese junta was seen as a rejection of the argument repeatedly forwarded by Ohn Gyaw that the detained political activists were "only invited" for temporary questioning.

Ikeda's strong comments on the NLD arrests reflected similar explanations given by NLD leader Aung San Suu Kyi in her letter dated June 14 to Japanese Prime Minister Ryutaro Hashimoto.

Suu Kyi praised Hashimoto, saying his remarks on the crackdown "did much to dissuade the State Law and Order Restoration Council (SLORC) from committing excesses that would have destroyed the peace and harmony in Burma".

In the letter, Suu Kyi urged Japan which "is in a particularly effective position, to exert influence on the trend of events in Burma by linking aid and economic cooperation indissolubly to genuine progress in the process of democratisation". She also urged Japan and the international community to take "united action to implement the terms of successive" United Nations resolutions on Burma.

Shimanouchi said Ikeda also told Ohn Gyaw that it was necessary for Burma to "dispel the concerns of the international community" and to establish a government through "democratic and fair elections".

Ohn Gyaw in return said SLORC planned to relinquish to a new and elected government after the drafting of the country's new constitution was completed by the National Convention. The Burmese foreign minister insisted that the SLORC-influenced National Convention, which has been holding intermittent meetings since January 1993, was the only legitimate forum to draft a constitution and that the NLD has boycotted it, Shimanouchi said.

He quoted Ikeda as expressing concern over the promulgation in early June of SLORC Law No 5/96 which called for restrictions on the activities of NLD members and its supporters.

"He (Ikeda) was referring to the enactment by the government of (Burma) which restricted the rallying in front of Aung San Suu Kyi's home," Shimanouchi said.

"He said that he hoped the government of (Burma) will approach this matter in a spirit of unity," the spokesman added.

Ohn Gyaw insisted that the new law does not prohibit the weekend NLD rallies but considers any attempt to draft a rival constitution other than being drafted by the SLORC's National Convention as illegal.

Shimanouchi said Ikeda considers it necessary to include the NLD, as well as the views of various ethnic groups in the drafting of Burma's new constitution.

Ikeda was quoted as saying that their inclusion was necessary for the continuation of the democratization process and in overcoming political tension in Burma.

"(Ikeda) also underscored the importance for the parties involved to overcome tension and to continue the process of democratization through dialogue.

He also said this is conducive to stronger ties between Japan and [Burma]," Shimanouchi added.

The spokesman added that Ikeda's comments were made in a friendly manner and that Japan does not consider these suggestions as a form of interfering in the internal affairs of Burma as Tokyo believes human rights are a universal value.

Japan: Government Praises Outcome of Ikeda-Primakov Meeting

OW2407071296 Tokyo *MAINICHI SHIMBUN*
in Japanese 23 Jul 96 Morning Edition p 3

[By reporter Takuro Kawade]

[FBIS Translated Text] The government has given a high rating to the 22 July Japan-Russia foreign ministerial meeting in that, among other things, it was decided that Russian Foreign Minister Yevgeniy Primakov

would visit Japan in November and plans were firmed up on a schedule for bilateral exchanges in trade, economics, defense, and security. The government considers that a "course has been laid out for the future" (according to Sadayuki Hayashi, administrative vice minister of foreign affairs). However, concrete measures to improve bilateral relations in the territorial dispute over the Kuril Islands, which Japan considers the greatest problem remaining between the two countries, have yet to be formulated. The government remains calm, considering that "things have yet to come" (according to a Foreign Ministry source).

Since Foreign Minister Yukihiko Ikeda visited Russia last March, diplomatic courtesy calls for Russia's foreign minister to visit Japan in return. Thus, much attention has been drawn to the timing of such a visit. It can be said that by proposing a November visit, Russia, too, has indicated a strong desire to improve the "stagnant" (according to a senior Foreign Ministry official) bilateral relations. However, since neither country has concrete proposals other than plans to "reinforce exchanges," the outlook is not so bright.

Meanwhile, it is a good sign for the Japanese Government that Primakov has announced that Russia intends to "uphold the Tokyo Declaration." This is because although Russian President Boris Yeltsin himself vowed to uphold the declaration at a summit meeting in April, he announced during the recent Russian presidential election that Russia "will reject all territorial claims." Moreover, the government was concerned about the Yeltsin administration's position on the Tokyo Declaration after the presidential election, since Yeltsin appointed State Duma member Aleksandr Lebed as Secretary of the Security Council. Lebed is known to lean strongly toward superpower status and nationalism.

Japan: Disputed Russian-Held Isles Eye Privatization Program

OW2307165796 Tokyo KYODO in English
1541 GMT 23 Jul 96

[FBIS Transcribed Text] Moscow, July 23 KYODO — Most land on the Russian-held islands of Kunashiri and Shikotan in the southern Kuriles may soon be available for lease, Sakhalin provincial government sources said Tuesday.

Leaders of the province's southern Kurile district, which has jurisdiction over the islands, are planning to use a loophole in Russian law, which does not allow for the complete privatization of land, to lease land to individuals for an unlimited period.

The move apparently aims to lure domestic and foreign investors to the backward and poor Russian far east islands.

For Japan, which claims the islands as well as two others — Etorofu and the Habomai group of islets — as its northern territories, the privatization scheme could, however, become a major obstacle in its efforts to get them back.

The islands, located northeast of Japan's northern main island of Hokkaido, were seized from Japan by the former Soviet Union at the end of World War II, and Tokyo has long been demanding their return.

Following Russian President Boris Yeltsin's reelection last month, both sides agreed to hold sub cabinet-level talks in the fall to discuss the nagging territorial dispute, which has prevented both sides from concluding a peace treaty and developing full-fledged economic ties.

But in May, Yeltsin signed an agreement with the Sakhalin government awarding it the right to enact its own regulations in areas not covered by national legislation.

The islands are apparently taking advantage of that agreement as Russia does not have a land law. According to the Sakhalin government sources, plans are to put up land on the islands for bidding by individuals. The local assembly for the southern Kuriles district will soon pass regulations for the lease scheme, they said.

When Russia eventually establishes a land law, leaseholders will be able to buy their land, they said.

The local government does not rule out leasing land to foreign corporations which want to help develop the isles. Should companies from a third country participate in the scheme this would further complicate bilateral negotiations over the return of the islands.

In September 1992 the local government planned to lease a 278-hectare plot of land to a Hong Kong company for 50 years, but renounced the plan due to strong protests from Tokyo.

Japan: MITI To Amend Export Rules To Prepare for Wassenaar Pact

OW2407052696 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 23 Jul 96 Morning Edition p 3

[FBIS Translated Text] In preparation for implementing the Wassenaar Arrangement, which takes effect in November, the Ministry of International Trade and Industry (MITI) has decided to amend government ordinances, including the Export Trade Control Ordinance, and put them into effect in October. While reducing

the number of general-use products subject to export approval, MITI plans to increase items subject to "comprehensive export approval" — which allows exporters to export goods without limitations for three years once they get permission — and help Japanese companies cut export costs. MITI will issue a notice indirectly mentioning the countries to which the products cannot be exported.

The Wassenaar Arrangement does not have international penalty provisions. Rather, it is taken as a "gentleman's agreement." The Wassenaar Arrangement is aimed at protecting nations from having excessive arms and general-use products that could lead to regional strife and terrorism. The Coordinating Committee for Export Controls [COCOM] completely banned exports of arms and related general-use products to communist countries in accordance with a list of the products that could not be exported. But under the new agreement, Wassenaar member nations are required to decide to which countries and to what extent they can export. Each member nation will receive applications for export of products that are on a control list and submit a report on actual exports to the secretariat in Vienna twice a year. When export of the products is not allowed, member nations have to inform the secretariat and exchange information.

For its part, MITI intends to review government ordinances — including the Export Trade Control Ordinance, which lists unexportable items — by the end of September and put the amended ordinances into operation from October. In this way, amended ordinances will be in effect earlier than the Wassenaar Arrangement, because MITI wants to time the enforcement of revised ordinances to coincide with enforcement of revised regulations on export of goods related to mass destruction weapons. In addition to weapons, 120 items including such general-use products as super computers and precision machine tools will be subject to approval. Although the number of items is the same as that regulated under COCOM, the items are limited to ones that can be converted into conventional weapons. However, because of technological innovations, the restriction will be limited to high-performance items; therefore, actual regulations will be less strict than those of COCOM.

Moreover, among the items subject to export approval, MITI will increase the number of countries to which export of the regulated items was limited under COCOM and will lower the performance level of those items. MITI will issue a notice to inform exporters of the decision.

Unlike COCOM, the Wassenaar Arrangement does not specify the countries to which exports are banned.

However, in the notice, MITI plans to specify the DPRK (North Korea), Iran, Iraq, and Libya — which are regarded as nations supporting terrorism — by saying "exporters are required to submit such detailed information as identity of end users when they apply for export permission." In this way, MITI intends not to approve export of listed items to those nations.

In addition to those four nations, if there are nations to which Wassenaar members refuse to export goods or nations that are apparently under military tension, MITI will issue a notice calling on exporters to submit detailed information about those nations before exporting goods. Thus, MITI intends to carefully examine such nations.

Japan: Tsukahara Tells Wu Yi About Regulation of Chinese Textiles

*OW2207133296 Tokyo KYODO in English
1214 GMT 22 Jul 96*

[FBIS Transcribed Text] Tokyo, July 22 KYODO — Japan told China on Monday it will go ahead with procedures to regulate imports of Chinese-made textiles to protect the domestic industry, government officials said.

The officials said the decision was made known to visiting Foreign Trade and Economic Cooperation Minister Wu Yi by Shumpei Tsukahara, Minister of International Trade and Industry.

Tsukahara told Wu that Japan will take emergency steps to regulate poplin and broadcloth imports from China under an internationally accepted safeguard clause, the officials said.

Wu was quoted as saying the Chinese government will tighten controls on exports to bring about a negotiated settlement of the issue.

Tsukahara stressed the need for China to regulate exports, saying that poplin and broadcloth imports from China for the seven months to last may increased 70 percent over the like period the preceding year, the officials said.

The domestic industry asked the government in November last year to invoke the safeguard clause, claiming it was hurt by the flood of imports from China. But no safeguard step was taken.

The industry renewed the request July 9 this year.

The Ministry of International Trade and Industry plans to make a decision on whether to impose import controls by taking into account trade data for June, due out later this week.

Wu is in Japan to attend a regular consultation on promotion of Japanese investment in China.

Japan: Planning Agency Seeks Private Demand-Led Economic Recovery

OW2407072196 Tokyo KYODO in English
0554 GMT 24 Jul 96

[FBIS Transcribed Text] Tokyo, July 24 KYODO — Economic Planning Agency chief Shusei Tanaka said Wednesday increased demand from the private sector and reform of economic structures are necessary to put the domestic economy on a steady path to full recovery.

Tanaka made the remarks in a speech to an annual meeting of the Federation of Bankers Associations of Japan.

"We should promptly and smoothly shift to a private demand-led economic recovery from the current recovery that was led by demand from the public sector," Tanaka told the bankers.

Tanaka noted that, with more efforts by the private sector, the Japanese economy will be headed for a full recovery.

Tanaka also said, besides propping up demand from the private sector, the government will need to reform Japan's economic structure for a complete recovery.

"We need to take drastic deregulatory measures in areas where such measures are expected to have good economic effects," said Tanaka, citing six industrial sectors — employment, land, housing, finance, distribution and information communications — as such fields.

Earlier this month, Tanaka submitted a proposal for deregulating the six sectors to the cabinet as part of a review on budget requests for fiscal 1997.

On economic conditions, Tanaka said demand from the private sector has been picking up and a full economic recovery led by the private sector is at last coming into view.

He said, however, that this does not mean that the domestic economy has entered a full recovery phase, adding some concerns such as severe employment conditions remain an issue.

Japan: BOJ Urges Banks To Strengthen 'Damaged' Capital Adequacy Ratio

OW2407073096 Tokyo KYODO in English
0602 GMT 24 Jul 96

[FBIS Transcribed Text] Tokyo, July 24 KYODO — Bank of Japan (BOJ) Governor Yasuo Matsushita urged commercial bankers Wednesday to "restore and enhance the damaged capital adequacy (ratios)" of their

respective banks following the write-offs of bad loans in fiscal 1995.

Matsushita made the comments at a gathering of presidents of the nation's commercial banks.

His remarks came two months after the nation's 11 "city" major commercial banks wrote off 6.40 trillion yen in bad loans to seven failed mortgage companies and other borrowers.

The massive write-offs forced seven of the 11 banks to chalk up large pretax losses. As a result, many banks face the need to raise hundreds of billions of yen in bond and equity markets to strengthen their asset bases and meet international capital adequacy requirements.

Matsushita suggested banks have to restore the creditability of their operations in the global financial markets by devising plans to improve operations and disclosures of financial data in order to fix the damage inflicted to their asset bases.

"It is a crucial prerequisite for you to devise drastic management improvement plans that can sufficiently deserve high appraisal from market players and to enhance the scope of disclosures, if you are to smoothly strengthen your banks' capital adequacy (ratio)," he said.

Matsushita urged the bankers to "maintain the active write-off policy," in reference to operations the banks adopted in closing their books for fiscal 1995, which ended March 31.

"It is highly commendable that many financial institutions aggressively conducted write-offs and set aside loan-loss reserves," he said.

Now, the Japanese financial community faces the task of "improving levels of cash flow by boosting the liquidity of mortgaged real estate and nonperforming loans," he said in apparent reference to the slow transactions in mortgaged properties put up as collateral by borrowers.

The central banker also said, "it is an indispensable prerequisite to push restructuring efforts further and strengthen your management system in trying to resolve the problem of nonperforming loans," he said.

"Private financial institutions have to make serious efforts in these fields," he said.

If financial institutions face solvency problems in the process of pushing these efforts, the central bank "will provide necessary financial support" to them "from the standpoint of protecting the stability of the entire financial system," he said.

He vowed the Bank of Japan will do its utmost to smoothly operate a new mechanism for ensuring the stability of the financial system, including the newly enhanced deposit insurance system, and "reconstruct a healthy and robust financial system."

Japan: Hashimoto Urges Banks To Quickly Clear Up Bad Loans

OW2407062296 Tokyo KYODO in English
0534 GMT 24 Jul 96

[FBIS Transcribed Text] Tokyo, July 24 KYODO — Prime Minister Ryutaro Hashimoto urged bankers Wednesday to dispose of bad loans "as early as possible" to resolve problems caused by Japan's asset-inflated "bubble" economy of the late 1980s.

The prime minister spoke at the 50th meeting of the Federation of Bankers Associations of Japan, and said, "financial institutions themselves are required to recognize" the causes of such economic overheating in the late 1980s.

Hashimoto, who was finance minister from 1989 to 1991, expressed his view on the cause, saying "conversion of bankers' minds was not enough to meet the changing environment." This, he said, led loans to surge and ended up with bad loans, especially in failed "jusen" housing loan companies.

He said his government has decided to "strictly pursue responsibilities" on the issue, through Housing Loan Administration Corp. it will establish Friday.

Hashimoto also said banks are "strongly required to meet the trust of the people by taking a part in the globalizing economy."

He told the bankers they need to "innovate the arts of financing to have an appropriate risk management system," in the face of financial liberalization and internationalization to come in the 21st century.

Japan: Kubo Plans No Action To Rescue Stock Market

OW2407114696 Tokyo KYODO in English
0902 GMT 24 Jul 96

[FBIS Transcribed Text] Tokyo, July 24 KYODO — The Finance Ministry currently plans no specific action to rescue Japan's sagging stock market, Finance Minister Wataru Kubo said Wednesday.

The ministry will continue to closely watch stock market developments for now, Kubo said at a news conference.

On the Tokyo stock market Wednesday, the benchmark 225-issue Nikkei average suffered its biggest fall of the year, reflecting the continued sluggishness on wall street

and speculation about higher Japanese and U.S. interest rates.

Japan: Kubo Asks Banks Not To Repeat Bad Loan Crisis

OW2407061996 Tokyo KYODO in English
0546 GMT 24 Jul 96

[FBIS Transcribed Text] Tokyo, July 24 KYODO — Finance Minister Wataru Kubo urged commercial banks Wednesday to promote restructuring and strengthen risk management to prevent a resurgence of the bad loan crisis.

Financial institutions must complete their disposal of remaining problem loans as soon as possible, while reconsidering why their loans went bad, Kubo said in a speech at an annual conference of the nation's banks.

The government for its part will make its utmost effort to recover loans at failed "jusen" housing loan companies and pursue the responsibility of those involved in the mortgage loan fiasco by creating Housing Loan Administration Corp. on Friday, he said.

Kubo reiterated that it is necessary for financial institutions to contribute more to a government-led scheme to dissolve the jusen companies to help reduce the taxpayers' burden.

Problem loans held by the housing loan companies are the focus of the nation's bad loan crisis as most commercial banks are founders or creditors of the companies.

Under the government's scheme, the failed housing loan companies will be dissolved and their loans taken over by Housing Loan Administration Corp.

To cover part of the losses immediately stemming from the liquidation of the companies, the plan calls for using 685 billion yen in taxpayers' money.

In the face of strong public criticism, the government plans to create an investment fund with money from the financial institutions to offset the taxpayers' burden through the fund's returns.

Kubo also said that based on lessons from the housing loan fiasco, the Finance Ministry will urge banks to promote disclosure of business information.

Among other measures to improve its financial policy, the ministry will also take measures for early detection of ailing institutions and will order them to improve their operations, he said.

On the current economic situation, Kubo reiterated that the economy is continuing to stage a recovery with a growing firmness in private-sector demand.

The recovery's tempo, however, remains moderate and the employment situation is still severe, he said.

Kubo also vowed to tackle the rebuilding of the nation's strained finances, saying fiscal 1997 would be the first year of fiscal reforms.

By some measures, Japan's fiscal situation is the worst among the group of seven industrialized countries.

Its balance of outstanding government bonds is estimated to reach 240 trillion yen by the end of next March, equal to nearly 50 percent of the nation's gross domestic product.

Japan: Arrest Warrant Obtained for Five Over Dubious Loans

OW2407061896 Tokyo KYODO in English
0508 GMT 24 Jul 96

[FBIS Transcribed Text] Tokyo, July 24 KYODO — Police on Wednesday obtained an arrest warrant for five people over suspected illegal loans that Japan Housing Loan Inc. supplied to golf course development company Takamine Resort Kaihatsu in Gunma Prefecture, north of Tokyo.

Police plan to arrest former Japan Housing Loan President Noboru Kawahara, Takamine President Tsuyoshi Kawabe and three others on suspicion of breach of trust.

Investigators from the Tokyo Metropolitan Police Department raided Japan Housing Loan's headquarters in Tokyo's Chuo Ward on Wednesday afternoon.

The mortgage company is believed to have provided loans and a debt guarantee worth a total of about 1.9 billion yen to the golf course developer without sufficient collateral or any prospect of repayment.

The five allegedly conspired in 1991 to have the Housing Loan Company extend some 1.6 billion yen in loans to Takamine and also to guarantee about 300 million yen of Takamine's debts although it was clear the debts would not be repaid.

Kawahara and the two other former senior officials of Japan Housing Loan have already been indicted on breach of trust charges over Japan Housing Loan's illegal loans to Tokyo real estate firm OCT Inc.

Japan Housing Loan is one of seven failed "jusen" mortgage companies to be liquidated under a government scheme using taxpayers' money. Its executives will be the first among managers of the seven jusen companies to be brought before a trial over their lending operations.

Japan: EPA Chief To Produce Concrete Deregulation Plan

OW2407130096 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 23 Jul 96 Morning Edition p 5

[FBIS Translated Text] Shusei Tanaka (vice chairman of the Sakigake), director general of the Economic Planning Agency [EPA], gave a lecture at the Japan National Press Club in Tokyo on 22 July and indicated that as early as by the end of September he plans to work out concrete steps for implementing his new deregulation proposal which covers six fields, including land and housing and information communications. Tanaka stressed the need to promote structural economic reform, including deregulation, concurrently with administrative reform. He also predicted that administrative reform will become the point of contention in the next general election and emphasized that the new administration to be formed after the election should give priority to carrying out administrative reform.

During an informal cabinet meeting on 12 July, Tanaka presented his own 6-point deregulation proposal which covers information communications, land and housing, distribution, finance, employment, and medical and welfare sectors. In information communications, the proposal calls for abolishing the current system that requires government permission to set communications fees and for liberalizing the market. In the welfare sector, the proposal calls for such ideas as abolishing the so-called silver-mark system which requires government authorization for providing care service for the elderly. Prime Minister Ryutaro Hashimoto has ordered the Ministry of Posts and Telecommunications, the Ministry of Construction, the Ministry of Health and Welfare, and other relevant government ministries and agencies to work out concrete measures for implementing Tanaka's deregulation proposal.

In this connection, Tanaka said: "I would like to see constructive responses from various ministries and agencies and hope that a final decision can be made before the next general election." He explained that the reason for this is that "with private demand showing signs of steady growth as indicated by increased private consumption and investment in plant and equipment, the Japanese economy has sufficiently recovered to permit a major surgery in the form of deregulation; and if we keep relying on fiscal expenditures to boost demand, our economy will weaken at its knees."

This is the first time that Tanaka made clear the timing of making a decision on his deregulation proposal, and relevant ministries and agencies will now be pressed to speed up their efforts. Tanaka also called for reviewing the collusive relationship among politicians, bureau-

crats, and businessmen that has been bred by Japan's regulations-oriented system, saying: "Industries enjoying the benefits of regulations, the bureaucracy which draws up those regulations, and politicians connected with the bureaucracy are all pressed to face a different direction."

Touching on the expected point of contention in the next general election, Tanaka said: "In the election, we plan to assemble forces not only to bring about administrative reform but also to reform Japan's system, including decentralization and information disclosure. It will be on such a basis that the people will hand down their judgment." "The administration which will be formed after the general election must be one that can carry out administrative reform" he added.

Japan: Finance Minister Seeks To Curb FY97 Defense Spending

OW2407125796 Tokyo KYODO in English
1033 GMT 24 Jul 96

[FBIS Transcribed Text] Tokyo, July 24 KYODO — Finance Minister Wataru Kubo said Wednesday that Japan should curb its fiscal 1997 defense spending as much as possible, taking into account the nation's strained finances.

Budgetary appropriation requests for the fiscal year that starts next April should comply with the recent agreement between the government and the three ruling coalition parties, Kubo said at a news conference.

The accord calls on government ministries and agencies to review every spending item without exception, he said.

The Defense Agency plans to ask for a 4.5 percent increase in fiscal 1997 defense spending.

Among the three ruling coalition parties, the Liberal Democratic Party is supporting the idea, but Kubo's Social Democratic Party and New Party Sakigake are seeking slower growth.

Kubo tried to counter the argument that Japan will be criticized for expanding its armaments if growth in fiscal 1997 expenditure for official development assistance (ODA) is slower than the increase in defense spending.

Peace, disarmament and global contributions are among agreements reached by the three parties in establishing the coalition government, Kubo said.

It is inappropriate to simply compare increases in ODA and defense expenditures and conclude Japan is trying to increase its arsenal, he said.

On the Japan-U.S. insurance dispute, meanwhile, Kubo said he will make political decisions if he is asked by

Eisuke Sakakibara, director general of the ministry's international finance bureau, who is in charge of negotiations with the United States on the issue.

Sakakibara will meet with Ira Shapiro, senior counsel of the office of the U.S. Trade Representatives in Vancouver, Canada, on Thursday and Friday in a bid to settle the insurance dispute by the July 31 deadline.

Bilateral talks have been stalled over measures taken by Japan to liberalize its insurance market.

In late June, Prime Minister Ryutaro Hashimoto and President Bill Clinton agreed to strike a deal on the issue by the end of July.

Japan: Hosokawa: Politics To Enter 'Delicate Period' in Oct

OW2407062396 Tokyo KYODO in English
0541 GMT 24 Jul 96

[FBIS Transcribed Text] Wellington, July 24 KYODO — Former Prime Minister Morihiro Hosokawa of Japan's main opposition party, Shinshinto (New Frontier Party), predicted Wednesday that the prospects of a snap general election will increase sharply in October.

With the convening of an extraordinary Diet session in early October, Japanese politics will "enter a delicate period" then, Hosokawa said in a meeting with local reporters in Wellington.

Hosokawa also said that in the event of such an election, neither the Liberal Democratic Party (LDP) of Prime Minister Ryutaro Hashimoto nor Shinshinto will secure a majority.

A coalition will be required to form a government, but it cannot be said at the moment what kind of coalition it will be, he said.

The biggest theme underlying Japanese politics is administrative reform, Hosokawa argued, adding that the issue will be the focus in the next general election.

Some political analysts predict that Hashimoto, whose LDP currently forms the ruling coalition with the Social Democratic Party and New Party Sakigake, would dissolve the powerful house of representatives in the autumn for a snap poll.

Japan: Hata's Support Group Inside Shinshinto Disbands

OW2307143696 Tokyo KYODO in English
1408 GMT 23 Jul 96

[FBIS Transcribed Text] Tokyo, July 23 KYODO — Former Prime Minister Tsutomu Hata's support group within the largest opposition Shinshinto (New Frontier

Party) decided Tuesday night to disband immediately, group members said.

The members said the group, Koshi-kai, made the decision at a meeting of senior officials, thus dropping plans to hold a general meeting July 30.

The decision was apparently aimed at keeping Shinshinto alive, although some Koshi-kai members said Shinshinto chief Ichiro Ozawa still runs the party with only a small number of aides.

Shinshinto lawmakers loyal to the 60-year-old Hata launched Koshi-kai in January after his unsuccessful attempt to become Shinshinto leader in the leadership race late last year.

North Korea

DPRK Daily Urges U.S. To Accept New Peace Mechanism

SK2407095296 *Pyongyang KCNA in English*
0850 GMT 24 Jul 96

["Ceasefire Does Not Mean Peace; NODONG SINMUN" — KCNA headline]

[FBIS Transcribed Text] *Pyongyang, July 24 (KCNA)* — If the United States truly opposes a war and hopes for peace, it should seek replacing the obsolete Armistice Agreement with a new peace mechanism without delay and accept the DPRK's proposal for a tentative agreement to this end. This is the only choice to definitely ensure a lasting peace in the Korean Peninsula.

NODONG SINMUN today says this in an article titled "Ceasefire Does Not Mean Peace", which deals with the issue of a peace-keeping system in the Korean Peninsula.

The daily quotes the Great Leader Comrade Kim Il-song as saying:

"Being an agreement to suspend hostilities, the Korean Armistice Agreement is not one which completely guarantees peace in Korea."

The daily says:

Though 43 years has passed since the Armistice Agreement was concluded, the armistice system has not been replaced with a lasting peace mechanism due to the objection of the United States and the South Korean puppet clique.

Since the ceasefire, the DPRK has put forward proposals for peace and disarmament in the Korean Peninsula on three hundred and several dozen occasions. But the U.S. and the South Korean puppet clique have turned down all of them.

They have refused to accept the reasonable and realistic proposal for a tentative agreement, claiming that the Armistice Agreement should be maintained until a peace agreement is signed, and the parties concerned in the conclusion of a peace agreement are the North and the South of Korea. This is a preposterous allegation aimed at obstructing the peace process in the Korean Peninsula.

The Armistice Agreement is so obsolete that it can neither be revived nor be restored. Even the supervisory tool has already ended its existence. It is the height of sarcasm and an insult to public opinion that those who have killed the Armistice Agreement are now crying for its observation and maintenance. The South Korean puppets are only colonial stooges of the United States, who have no power and no operational control. But they are now posing as a party concerned in the issue of replacing the armistice system with a peace mechanism, revealing their ignorance and brazen-facedness.

They have no right and qualification to sign a peace agreement because they are not a signatory to the Armistice Agreement nor have they power to guarantee a peace mechanism. They persistently opposed the conclusion of the Armistice Agreement and, when it was signed, they declared it "null and void." However, they are now casting themselves as a signatory to the Armistice Agreement.

While calling for "a peace agreement between the North and the South," they are insisting that South Korea was one of the warring sides and is now an entity which has its Armed Forces deployed in the peninsula and one of the two sides in military confrontation.

In the Korean war the United States inveigled the South Korean puppet army and armies of its satellites into the war. In view of international law, however, the warring sides were the North of Korea and the United States, which had its forces participating in the war in the name of "UN Forces."

The "UN Forces", a brainchild of the U.S., were in other words the U.S. forces, which served as a tool of war for aggression. The South Korean puppet army and other satellite armies only played the role of cannon fodder in the war. So, the Armistice Agreement was signed by the North of Korea and the United States in the name of the "UN Forces." The South Korean puppets did neither participate in the signing ceremony nor signed the agreement, deprived of the qualification as one of the warring sides.

As for their talk about "military entity" and "one side in military confrontation", they are legacies from the Korean war and its continuation. Nothing has been

changed in the status of the puppets and their army since the end of the Korean war.

Their talk only proves that the puppet army only serves the U.S. imperialist aggression forces, offering no evidence that they are eligible to become a party concerned in the conclusion of a peace agreement.

In a nutshell, the call for "a peace agreement between the North and the South" is aimed at ridding the U.S. of the responsibility for the issue of the Korean Peninsula and rejecting the offer of a tentative agreement for the establishment of a new peace mechanism which definitely ensures a lasting peace in the country.

The Armistice Agreement, a legacy from the cold war and the Korean war, should be removed and a new peace mechanism established as early as possible.

The attitude towards the replacement of the obsolete Armistice Agreement with a new peace mechanism will be a touchstone distinguishing between peace and war. If the old Armistice Agreement is prolonged, the danger of war will increase still further. Resorting to the Armistice Agreement, which is not capable of preventing a war, will result in precipitating a war which will inevitably lead to destruction. If another war is unleashed in the Korean Peninsula, nobody can go unharmed. Even those across straits or ocean are no exception.

DPRK: ROK's 'War Exercise for Northward Invasion' Denounced

SK2407060996 *Pyongyang Korean Central Broadcasting Network in Korean*
1225 GMT 23 Jul 96

[Commentary by Yun Pyong-son: "War-Provocation Maneuvers Cannot Be A Way Out"]

[FBIS Translated Text] According to a report, the Kim Yong-sam ring began to conduct another round of war exercise for northward invasion in the Umyonsan area in Seoul on 23 July, mobilizing the units under the puppet Capital Defense Command.

In this war exercise that is being conducted for three days through 25 July, blank cartridges, hand grenades, and flare bombs are supposed to be used.

On 19 July, before this war exercise, the puppets frenziedly conducted a mobile radar deployment drill, an aerial surprise attack bombing drill, a missile strike drill, and a commando air transport operations drill.

Only war maniacs like the Kim Yong-sam ring can perpetrate a rash act of conducting a war exercise for northward invasion, firing bullets and bombs, at a time

when the situation on the Korean peninsula is strained much.

As they have always done so, the puppets rave that the war exercise for northward invasion is aimed at coping with someone's provocation and threat. However, this is a shameless sophistry aimed at misleading opinion at home and abroad and shielding the criminal nature of the war exercise.

The war exercises which the Kim Yong-sam ring conducts are invariably designed for northward invasion. As everyone knows, the South Korean puppets have set up an adventurous operational plan for a surprise invasion of the northern half of the Republic and turned the South side area of the Military Demarcation Line [MDL] and the DMZ into an attack launching position to put the plan into practice. At the same time, the puppets are accelerating arms build-up and are conducting one after another large-scale war exercises in place of the joint Team Spirit military exercise, leading the situation to the brink of a war.

In South Korea, where all fields—political, economic, and military—are subordinated to carrying out a war policy, war commotions are being made day and night. In the meantime, the puppets, raving that the issues between the North and the South can only be resolved through military force, are openly instigating an armed invasion. Moreover, they are inspiring confrontation among the South Korean people, saying that the South Korean people should regard the fellow countrymen in the North as an enemy.

Who would believe the tricky talk about someone's provocation and threat by those who are frenziedly bent on lighting the fuse of a war? In reverse, the North's provocation and threat publicized by the puppets are in fact the puppets' slogan for northward invasion.

The war commotions, which the puppets are conducting like a real war, firing blank shots in Seoul at large, show well how much the Kim Yong-sam ring is bent on the maneuvers for a war of northward invasion. The war commotions perpetrated by the Kim Yong-sam ring are aimed at more than this. Because of their inability and mistakes, the Kim Yong-sam ring is experiencing the worst crisis in its rule since they came to power.

Political unrest, disorder, economic failure, the serious deterioration of people's living standard, and the bestial suppression against the patriotic forces aspiring for reunification and the heightening struggle of the people resisting the suppression—this is the present situation of South Korea. In addition, contradiction and conflict within the ruling circles have been further deepened, leading the Kim Yong-sam ring to the brink of collapse.

Frightened by this, the puppets are creating tension in the situation, conducting war exercises, firing rifles and guns, to divert the attention of the resisting people elsewhere and to tide over the hopeless crisis. This is why the puppets conduct war exercises day and night in Seoul, in which the antigovernment struggle is being waged more fiercely than any other places and which is a densely populated area.

However, it is very foolish of them to attempt to open a way for their survival through the war commotions for northward invasion. The war provocation maneuvers cannot be a way out but will only accelerate their ruin.

As long as the Kim Yong-sam ring remains in power, our nation cannot be relieved from the danger of war even for one moment. The Kim Yong-sam warmonger group, which is a cancer to peace and reunification, should be removed.

DPRK: Paper Denounces ROK's 'Anti-North Military Drill'

SK2407030996 *Pyongyang KCNA in English*
0248 GMT 24 Jul 96

["NODONG SINMUN on Ill-Boding War Gamble in S. Korea" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 24 (KCNA) — The South Korean rulers have started an anti-North military drill in Seoul on July 23, bringing the situation of the country closer to the brink of war.

In a commentary NODONG SINMUN today says what they are seeking through the drill is to foster antagonism and war atmosphere against the North among the South Koreans, divert public resentment elsewhere and, in this way, complete war preparations against the north.

The exercise will be staged until July 25 under the simulated condition of a real war, involving South Korean puppet units, the daily says, adding:

The war gamble is aimed at going ahead with the war preparations.

The Kim Yong-sam group are getting more frantic in confrontation and war provocation moves against the North only for their own wealth, comfort and power, clean indifferent to the destiny of the country and the nation.

If they continue engaging in confrontation and war moves in defiance of our repeated warnings, the consequences will not be favorable to them and they will be held accountable for what their never-to-be-condoned crimes may engender.

DPRK: Letter From Writer Wishes Good Health to Kim Chong-il

SK2407045396 *Pyongyang Korean Central Broadcasting Network in Korean*
2200 GMT 23 Jul 96

[Letter to Kim Chong-il from Kim Man-yong, a writer for the Korea Writers' Union, and his wife Yang Sun, a reporter for NODONG SINMUN; written on 8 July 1996]

[FBIS Translated Summary] The nine-minute long letter begins by thanking Kim Chong-il for highly assessing the epic "Let the Time of Pyongyang Be Eternal," which was dedicated by Kim Man-yong on the second anniversary of Kim Il-song's death. Grateful for the people's appraisal of the epic, Kim and Yang attribute this gratitude to Kim Chong-il, who gave him the hint for this epic. They write that Kim Chong-il's revolutionary activities are an epic that touch the heartstrings of many people.

Noting that they have learned philosophy, literature, and the development of history from Kim Chong-il, they highlight that Kim Chong-il was a benevolent and kind teacher before being a great leader [suryong], and was a great sage, justice, and purveyor of truth before being an iron-willed supreme commander.

Kim and Yang also thank Kim Chong-il for sending them a gift several days before 8 July, even though Kim Chong-il must have been filled with great sadness on the threshold of the second anniversary of Kim Il-song's death. They write that Kim Chong-il is carrying out the Arduous March all by himself, not eating properly and not sleeping adequately, working day and night for the enrichment of the fatherland.

They state: "What we are concerned about right now is neither the persistent pressures and sanctions of the imperialists, nor economic hardship, nor food shortages that may result. Because we have experienced and overcome trials harsher than this, these trials are nothing. What we are most worried about, and what hurts us the most, is that such a heavy pressure is on the heart of the general who is breaking the deadlock all by himself. At such a difficult time, no one should think of himself only. It is heartbreaking to see that we cannot unload and share even one gram or one cube of burden from the general's shoulder." To pay back Kim Chong-il's love and confidence, they resolve to defend Kim Chong-il's ideas and to bring his intentions to full bloom. For this, they resolve to produce many brilliant epics, songs, and articles to encourage the people who are making the Arduous March with the will to consummate the chuche revolutionary cause under Kim Chong-il's leadership.

They write: "Trust us, general. We will never sell our hearts which cherish the general, even if we starve to death. We will never leave the general's bosom, and will never set a foot in another's house, even if we freeze to death. Even if we are beaten to death on a scaffold, we will never stop singing the general's song, not even once." They write that this is the obligation of sons and daughters and of disciples who pay back the warm care of their own parents and the teacher.

Remembering when they saw Kim Chong-il standing on the rostrum before Kumsusan Memorial Palace on 8 July, they note: "From your appearance, we could read the apprehensions of shouldering the heavy burdens of the revolution and the fatherland all by yourself [ku yongsangenun chogukkwa hyongmyongui chungwarul hanmome chinisin ku simnyoga pikkyo issosumnida]. Everyone we have met is worried and vexed, saying the general has become quite haggard [pok suchokhaejisyotago], and that you must have gone through heartache."

They conclude the letter by wishing Kim Chong-il good health for the people who only believe in him as in heaven.

DPRK: Memorial Service in Los Angeles Marks Kim Il-song Death

SK2307131396 *Pyongyang KCNA in English*
0838 GMT 23 Jul 96

[FBIS Transcribed Text] Pyongyang, July 23 (KCNA) — A memorial service on the second anniversary of the death of the Great Leader President Kim Il-song was held in Los Angeles on July 7 under the Cosponsorship of the Association for National Reunification in North America (Tonghyop), the North America-Korea Friendship Society, the SINHAN MINBO newspaper office, the Hanbonguri Society and other organizations.

A floral basket was laid before a portrait of President Kim Il-song placed in the memorial service hall in the name of organizations of compatriots in Americas.

Read out at the memorial service was "a joint memorial address for the Great Leader Generalissimo Kim Il-song," which was presented to the respected General Kim Chong-il jointly by Tonghyop, the North America-Korea Friendship Society and the Hanbonguri Society.

The compatriots in the address highly praised the immortal revolutionary feats of President Kim Il-song and expressed their firm determination to accomplish the revolutionary cause of chuche, rallied close around General Kim Chong-il.

A memorial poem created by Han Mu-hak, advisor to the North America-Korea Friendship Society, on this anniversary was recited at the memorial service.

Then a memorial address was made by Sonu Hakwon, honorary chairman of the U.S. headquarters of the national alliance for the country's reunification.

DPRK Daily Stresses Socialist Economic Management

SK2407055896 *Pyongyang MINJU CHOSON*
in Korean 3 Jul 96 p 3

[Article by Chon Chong-ho: "To Be Strongly Armed With the Chuche Socialist Economic Management Theory Is a Crucial Task Set Before Economic Guiding Functionaries"]

[FBIS Translated Text] It has been five years since the great leader [yongdoja] Comrade Kim Chong-il published the immortal classic work "Let's Arm Ourselves Strongly With the Chuche-Oriented Socialist Economic Management Theory."

Published at a time when some countries in the process of building socialism returned to capitalism and introduced capitalist economic management methods due to the anti-socialist maneuvers of the imperialists and opportunists, this work is a unique program of the economic construction of our times that enables revolutionary principles to be held fast and economic construction to be pushed ahead more vigorously in socialist economic management.

Entirely and profoundly does the work show the overall practical and theoretical matters emerging in the management and operation of the socialist economy, from the basic principle of socialist economic management to the system and method of economic management.

Due to the justness of its ideology, the profoundness of its content, and the enormous theoretical and practical significance put into implementing the socialist cause of human beings, the work becomes the immortal banner of combat for the party and the state of the working class to consistently adhere to in building socialism and communism.

The great leader [yongdoja] Comrade Kim Chong-il has pointed out: "We should further display the superiority of the popular masses-centered socialism of our own style and should more vigorously spur the marching movement toward socialism and communism by arming strongly ourselves with the chuche-oriented socialist economic management theory and by thoroughly incorporating it into practicing economic management."

Economic management is the function that directs people's economic activities to achieve a set economic goal. Despite the type of society, economic management is inevitable wherever economic activities take place based on people's collective labor.

The essence, basic principle, system, and method of economic management fundamentally changes depending on who their masters are.

The chuche-oriented socialist economic management theory is a man-centered and unique economic management theory that regards the popular masses as the master of economic management, and unfolds accordingly. Based on the fundamental principle of the chuche ideology, which says that men are the masters of everything and decide everything, the ingenuity and superiority of the chuche-oriented socialist economic management theory lies in the fact that the chuche-oriented socialist economic management theory has compiled and systemized the underlying principle, fundamentals, system, and method of economic management in order to enable the popular masses to practically exert their rights as masters in economic management, to fulfill their responsibilities, and to do their part as masters.

Our party, taking the socialist economic management theory as its guiding principle, has wisely organized and led the struggle for its realization. As a result, our party has led socialist economic construction along the single road of brilliant victory without the slightest deviation and without any twists and turns. The fact that today our socialist economic system is advancing along its correct road with certainty and without faltering, despite all sorts of trials, clearly verifies the correctness and vitality of our chuche-oriented socialist economic management theory.

Historic experience and lessons clearly show that when we firmly abide by the economic guidance and management principle along the road directed by the chuche-oriented socialist economic management theory, and resolutely defend and safeguard the Taean Work System, then we will have a bright and promising road that can achieve the victorious advance of socialist economic construction.

Being firmly armed with the chuche-oriented socialist economic management theory — the truthfulness, scientific nature, correctness, and vitality of which have been verified in the practical struggle of our revolution for socialist construction and its consummation — is an indispensable demand of our economic guidance functionaries in performing their mission and duties.

All sectors and units of the national economy within a socialist country in which the working masses have

become the masters of the means of production form a monolithic body which is organically linked on the basis of the same goal and same interests. Thus, in socialist society an objective demand is presented to dovetail the ties among sectors, units, and reproduction links of the national economy on a planned basis.

When we are firmly armed with the chuche-oriented socialist economic management theory, we can inspire to the maximum the revolutionary zeal and creative initiative of the producer masses, and can mobilize all available reserves and potential, thereby vigorously accelerating economic construction. Thus, we can extensively exalt the superiority of the popular masses-centered socialism of our own style.

Economic guidance functionaries are the organizers and executors of the implementation of the party's economic policy. Thus, success in socialist economic construction depends on how properly economic guidance functionaries guide and manage their economic work.

For economic guidance functionaries to smoothly carry out the revolutionary duties assigned by the party and leader [suryong], it is important for them to thoroughly arm themselves with the chuche-oriented socialist economic management theory and to put the theory into practice.

The reason why it is an important task of economic guidance functionaries to arm themselves with the chuche-oriented socialist economic management theory is that the theory gives the ideological and theoretical guideline with which the principle of chuche can be adhered to in economic management.

The socialist cause is the cause advanced and completed by its revolutionary principle, and is the fundamental requirement of the socialist economy for adhering to the principle of chuche in economic management.

A socialist society possesses communist attributes and interim attributes at the same time. Managing and operating the economy scientifically and rationally according to these attributes is one of the matters of principle that needs to be solved in the process of building the socialist economy. When this is solved correctly, we can further cement the socialist economic system; can display its superiority; can adhere to the principle of chuche and of socialism in economic management; and can lead economic construction to victory.

The socialist economic management theory expounded by our party stipulates how to correctly combine the following as the fundamental principle of economic management: political guidance, economic and technical guidance, the unified guidance of the state and the

ingenuity of an individual unit, democracy and undivided instruction, and political and moral as well as material stimulation. Herein are scientifically elucidated the basic problems needed to be solved in managing and operating the socialist economy, along with such problems as the party's leadership and the state's function as organizers in building socialism; as the interrelation between the state economic body and work sites, and between production supervisors and the producer masses; and as the way to mobilize the masses. The basic principle of socialist economic management is the revolutionary principle that enables the revolutionary principle of the working class to be adhered to in economic management and enables the economy to be managed and operated scientifically and rationally in accordance with the nature of the socialist system. It is the basic principle which has the state economic body realize economic and technical guidance under the party's political leadership; which edifies the ingenuity of each unit on the basis of the state's united and planned guidance; which makes the command unitary on conditions guaranteeing democracy; and which has the material stimulation combined correctly centering on the political and moral stimulation.

For economic guidance functionaries to steadfastly arm themselves with the economic management of our party is a firm guarantee that enables these basic principles of socialist economic management to be protected, adhered to, and thoroughly carried out.

To be armed with the chuche-oriented socialist economic management theory is a crucial task for economic guidance functionaries because it provides methodological instruction for the economic guidance and management that is to be implemented and improved on in accordance with the indigenous requirement of the socialist system and law.

The socialist economy is managed and operated by the set economic management method, and the economic management method is incessantly improved as the revolution advances and as time develops. As the socialist economic system is a newly-established economic system built because the capitalist economic system has been revolutionarily liquidated, its method of management and operation should be established anew on the basis of the socialist principle, and its improvement should also be solved in concordance with the indigenous requirement of the socialist system and the requirement of the law of economic development. In order to correctly settle the work of improving economic guidance and management, economic functionaries assuming heavy responsibility to incorporate the party's intention into the overall economic work should steadfastly

arm themselves with our party's economic management theory.

The chuche-oriented socialist economic management theory gives extensive and scientific answers to all principled questions arising in solving questions on socialist economic management method, ranging from the essence of the socialist economic management method and the principle of its application to the concrete methodology of socialist economic management.

The process of managing and operating the socialist economy is a process in which political guidance, economic and technological guidance, and administrative and organizational guidance are combined and achieved. In this process, various means and methods are applied. The method which moves people by applying these means and methods is precisely the method which manages and operates the socialist economy.

The economic management theory elucidated by our party gives scientific explanations to all methodological questions arising in managing and operating the socialist economy, including collectivist methods, political methods, economic and technological methods, and administrative and organizational methods.

The economic management method elucidated by the chuche-oriented socialist economic management theory is a programmatic guideline because the method makes it possible to demonstrate the superiority and vitality of the socialist economic system by managing and operating the economy in a reasonable and planned manner under a collectivist principle.

Economic guidance functionaries arming themselves with the chuche-oriented socialist economic management theory is a vital problem in performing their duties as commanding members who are firmly holding the handle of economic construction.

Only when economic guidance functionaries arm themselves with the party's economic management theory can they not only correctly manage, operate, and constantly improve the socialist economy in conformity with the demands of the developing reality—a developing reality in which the scale of our economy is increasing and the national economy's chucheization, modernization, and scientization are vigorously pushing ahead—but also see to it that all economic organs and enterprises smoothly implement all policies and tasks presented by the party, and that the party's plans are outstandingly carried out in all fields.

Indeed, the chuche-oriented socialist economic management theory elucidated by our party is a mighty ideological and theoretical weapon of our times which makes

it possible to successfully solve the socialist economic management question.

All economic guidance functionaries should firmly arm themselves with our party's chuche-oriented socialist economic management theory, and should actively put the theory into practice in their economic management work. Thus, they should become loyalists like Kim Chaek, who devoted his all to realizing his leader's [yongdoja] plan and intent, and at the same time, should show a responsibility and role as the commanding members of the revolution in today's struggle to accelerate socialist construction and to demonstrate the superiority of the popular mass-centered socialism of our own style.

DPRK: Loyalty to Nonindividual Leader Stressed

SK2307152696 *Pyongyang Korean Central Broadcasting Network in Korean*
0900 GMT 23 Jul 96

[Unattributed talk: "Loyalty Toward the Leader [suryong] Is an Intensive Expression of Loyalty Toward the Party and the People]

[FBIS Translated Text] Deeply understanding our party's theory on loyalty is very important for the party members and working ypeople to become true communist revolutionaries. The Great Leader [widaehan yongdoja] Comrade Kim Chong-il redefined the theory on loyalty based on the theory on the sociopolitical organism. Loyalty toward the leader [suryong], the party, and the masses are connected in one. This means that loyalty toward the leader [suryong] is loyalty toward the party and the people; loyalty toward the party and the people is loyalty toward the leader [suryong].

The unity of loyalty is based on the fact that in a sociopolitical organism, the leader [suryong], the party, and the masses form one inseparably united organism, and the role of the leader [suryong], the party, and the masses is united in one.

The leader [suryong] is the center of a sociopolitical organism. As the head is the center of an individual's life, the leader [suryong] is the life center of a sociopolitical collective.

The leader [suryong] integrates and systemizes the independent aspiration and demand of the popular masses; presents a correct guiding ideology, revolutionary line, strategy, and tactic; unites the masses in one; and skillfully organizes and mobilizes the masses' limitless strength and wisdom.

In a sociopolitical organism, the position of the leader [suryong], that is, the supreme leadership position of the leader [suryong] over the popular masses, is absolute.

The party is the pivot of a sociopolitical organism. The party guarantees the life activities of the sociopolitical collective, in accordance with the leader's [suryongui] ideology and intention. The party is the staff of the revolution. The position and role of the party as the staff of the revolution is inconceivable without the leader's [suryongui] leadership.

A sociopolitical organism is a body in which the party, the leader [suryong], and the popular masses are united in one. When the popular masses are united in one organization and ideology under the leadership of the party and centered around the leader [suryong], they become a sociopolitical organism with immortal and independent life, as well as the main force of independence in history.

The leader [suryong], the party, and the masses form a sociopolitical organism that becomes immortal only when they are organically united in one. Therefore, the leader [suryong], the party, and the masses cannot be separated from each other. In the sociopolitical organism, in which the leader [suryong], the party, and the masses are united in one life and share one destiny, the role of the leader [suryong], the party, and the masses is always united.

The leader [suryong] is the leader [suryong] of the party and the people. The role of the leader [suryong] cannot be considered separately from that of the party and the masses. As the role of the leader [suryong], the party, and the masses is united, loyalty toward the leader [suryong], loyalty toward the party, and loyalty toward the people is one.

The unity of loyalty toward the leader [suryong], the party, and the people does not mean that loyalty toward the leader [suryong] is exactly the same as that toward the party and the people. Loyalty toward the leader [suryong] is the utmost expression of loyalty toward the party, the working class, and the people.

The Great Leader [widaehan yongdoja] Comrade Kim Chong-il pointed out: The leader [suryong] is the center of the life of the party and the popular masses. Thus, loyalty toward the party and the people should be intensively expressed in loyalty toward the leader [suryong].

Therefore, loyalty toward the leader [suryong] is the utmost expression of the spirit of the party, the spirit of the working class, and the spirit of the people. The reason that loyalty toward the leader [suryong] is the utmost expression of the spirit of the party, the spirit of the working class, and the spirit of the people is because the leader [suryong] plays the decisive role in

the life activities of a sociopolitical organism and in the revolutionary struggle.

The loyalty to the leader [suryong] is based on the collectivist view of life, which teaches us that the life of a social and political group is the mother of the life of an individual. The life of a social and political group is represented by none other than the leader [suryong]. Like all relations and activities in a living social and political body, the loyalty is created with the leader [suryong] as its center. People are loyal to the leader [suryong] not because someone else forces them to be, but because of the fundamental demand of their own social and political lives. Accordingly, their loyalty to the leader [suryong] is absolute and unconditional. This loyalty to the leader [suryong] is the utmost expression of one's loyalty to the party and the people.

The leader [suryong] is the center of unity and leadership and plays a decisive role in developing the popular masses' destinies. The leader [suryong] is the center of the popular masses' ideological unity and organizational cohesion. The popular masses' ideological unity can be achieved only based on an idea that reflects all their desires and demands and that is received by them to become their idea and faith. The only ideological basis of this unity is the leader's [suryong] revolutionary idea, which is also the people's idea and faith reflecting the popular masses' intent and demand. Accordingly, the popular masses cohere to and unite themselves around the leader [suryong], based on the leader's [suryong] revolutionary idea.

The popular masses' unity is their unity in idea and will, as well as their organizational cohesion. The leader [suryong] can do the work of organizationally uniting the popular masses into a revolutionary organization and making them move and fight in accordance with a single line, principles, and regulations of the organization. The leader [suryong] not only implements the cause of organizing the popular masses, but is the leader [yongdoja] of the party, the supreme political organ. Therefore, the popular masses' organizational cohesion can be achieved with the leader as its center.

The leader [suryong] is the center of leadership. It is not that the revolution is automatically implemented when revolutionary forces are arranged. The road of revolution is arduous and complicated. The revolution and construction are accompanied by the course of a fierce class struggle and massive creation. In order to victoriously advance the revolution of the working class and working popular masses, the leader's [suryong] leadership — which elucidates the road ahead of the revolution, and also organizes and mobilizes the popular masses in a proper way — should be guaranteed. The

popular masses can carry out the revolutionary struggle without vicissitudes or deviations and can victoriously advance the sublime cause of independence only under the leadership of a leader [suryong] who has keen insight, excellent organizational and development skill, and a strong will.

Only the people who are firmly united around the leader [suryong], and who are under the correct leadership of the party and the leader [suryong] can grasp and brilliantly develop their destinies. This is an unchangeable truth proved by the long history of the revolutionary movement. The leader [suryong] who occupies the top leadership position and plays a decisive role in developing the popular masses' destinies is not an individual [kaein]. The leader [suryong] is the leader at the head of the party [tangui suwie innun yongdoja] and the leader [yongdoja] of the people. Accordingly, to be boundlessly loyal to the leader [suryong] is an intensive presentation of and the utmost expression of one's loyalty to the party, the working class, and the people. Therefore, it is a basic trait of a chuche-type communist revolutionary to firmly establish a revolutionary view of the leader [hyongmyonggiok suryonggwon] and bear loyalty to the leader [suryong] as his or her first priority in life.

Our people bear the loyalty to their leader [suryong] and their party as a revolutionary faith. Our people's loyalty to the great leader [suryongnim] and respected and beloved General Kim Chong-il is pure and clean without a flaw, and it is an invariable one hardened in faith and a sense of obligation throughout the onward march to remodel the entire society after the chuche idea. Our revolution continues to victoriously advance because the great leader [suryong] and the party stand at the head and because the faithful people absolutely trust and follow the party and the leader [suryong].

South Korea

ROK: Construction of DPRK LWR 'Able To Begin' This Year

SK2407080896 Seoul YONHAP in English
0734 GMT 24 Jul 96

[FBIS Transcribed Text] Seoul, July 24 (YONHAP) — Stephen Bosworth, executive director of the Korean Peninsula Energy Development Organization (KEDO), said Wednesday that the light-water reactor [LWR] project in North Korea is progressing smoothly and that construction would be able to begin within the year.

Paying a courtesy call on National Unification Minister Kwon O-ki, the KEDO head exchanged views on the expense burden and construction schedule of the project, according to ministry spokesman Kim Kyong-ung.

As to the rough cost estimate for the project submitted by the Korea Electric Power Co. (KEPCO), Bosworth said that KEDO plans to begin working-level examinations, adding that full-scale discussions on the cost burden would be held among South Korea, the United States and Japan after the KEDO completes the inspection of the rough cost estimate dubbed as "rough order magnitude (ROM)."

Another government official quoted Bosworth as requesting that Seoul play the central role in the project's cost burden.

Kwon, concurrently deputy prime minister, commended the smooth negotiations on the project's follow-up protocols between KEDO and Pyongyang and the organization's on-site inspections, Kim reported, and stressed close cooperation among KEDO's three executive member nations.

Later in the afternoon, Bosworth, briefed by KEPCO representatives on the project's costs, discussed a definite construction schedule for the reactors.

ROK: 'Serious Trade Friction' Expected Over Telecommunications

SK2107034996 (Internet) The Digital Chosun Ilbo
WWW in English 1132 GMT 20 Jul 96

[FBIS Transcribed Text] Serious trade friction is expected as confrontation between the US and Korean Governments worsens over the issue of Korea's private communications acquisition system.

The US Government requested the Korean Government to guarantee in writing that it will not interfere with private communication companies' equipment acquisition processes. It is known that the minister for information and communication, Yi Sok-chae, has sent a letter rejecting the US' request to the US Trade Representative [USTR].

The USTR Friday summoned US communication business entities to discuss whether or not there ought to be any retaliation towards Korea on the matter. It cannot be confirmed whether any conclusion to the matter has been effected but a trade official in Washington said that at the beginning of next week the high-point of the issue will be reached.

Korea is planning to bring suit at the WTO [World Trade Organization] by way of counter-offensive if the US retaliates such as by designating Korea a PFC [priority foreign country].

ROK: New U.S. Law To Check Bogus Goods Feared To Hinder Exports

SK2207082896 Seoul YONHAP in English
0702 GMT 22 Jul 96

[FBIS Transcribed Text] Seoul, July 22 (YONHAP) — South Korea's trade with the United States might be in for a difficult time since it is feared that the United States will make its import procedures for foreign goods complicated with a new law against the importation of bogus products.

The Korea International Trade Association (KITA) reported Monday that the United States has instituted a new law on the confiscation of bogus products, the increase of reimbursement on damages for the owners of trademarks from imitation products, and additional documentation requirements for U.S. customs clearance.

The new U.S. law and regulations not only provide for harsh action against imitation goods, but also extends to those that carry false brand-names such as music discs, and computer software; violators under the new laws could face criminal charges, and fines of up to 1,000 U.S. dollars.

The association said South Korea ranked first in the number of imitation goods or false brand-names totaling 964 cases or 7 million dollars worth and second to China in total amount, according to U.S. customs figures.

The association is afraid that the United States might be especially tough on goods from South Korea for this reason, under the new law.

When and if the U.S. strengthens its surveillance of Korean goods by taking extra time and demanding documentation to check on authenticity of those goods, and in general makes its job complicated, it could develop into a trade barrier specifically targeting Korean export goods shipped to the United States, it worried.

South Korean exporters should be more careful about the U.S. intellectual property laws and brand-names or otherwise they might run into a set of tougher U.S. trade barriers under the new U.S. consumer protection law, the association warned.

ROK Minister on Reinforcing ROK-U.S. Combined Defense Posture

SK2207070896 Seoul KBS-1 Radio Network
in Korean 0400 GMT 22 Jul 96

[FBIS Translated Text] The National Assembly National Defense Committee received an operational report from the Ministry of National Defense [MND] with the attendance of Defense Minister Yi Yang-ho; Kim Tong-chin, chairman of the Joint Chiefs of Staff; and

the chiefs of staff of the three services of the Armed Forces. And it is carrying on interpellation.

In the operational report, Defense Minister Yi Yang-ho stated that despite the economic difficulties, North Korea has maintained its basic strategy of communizing the South and is scheming to alienate the ROK from the United States to cause a rift in the ROK-U.S. alliance. He added that to cope with this, the MND is reinforcing the ROK-U.S. combined defense posture by such means as developing the intelligence-cooperation system.

In the interpellation, lawmakers from both the ruling and opposition parties asked questions on the ways to boost the morale of new-generation officers and men of the Armed Forces; the posture to cope with the North Korean missile attack and chemical warfare; and the revision to the ROK-U.S. memorandum of understanding on missiles which is blocking the ROK's development of missiles.

At the outset of the meeting today, Defense Minister Yi Yang-ho said that there is no change in our resolve to firmly defend the Northern Limit Line (NLL), and apologized for the remarks on the NLL, stating that the true intent of the remarks was not conveyed properly.

ROK Wants Repeal of ROK-U.S. Missile Memorandum

SK2407010996 Seoul YONHAP in English
0043 GMT 24 Jul 96

[FBIS Transcribed Text] Seoul, July 24 (YONHAP) — South Korea will seek to repeal the Korea-U.S. Missile Memorandum prohibiting South Korea from developing or acquiring missiles with a range of over 180 kilometers in the coming third Korea-U.S. nuclear non-proliferation meeting.

In a testimony at the National Assembly defense committee meeting Tuesday, Defense Minister Yi Yang-ho said the government would push this position through as soon as possible in the future negotiations with the U.S. Government.

At a closed-door meeting of the committee Monday, Yi said the revision of the Korea-U.S. Missile Memorandum includes the repeal of the document.

The maximum range of 180 kilometers for South Korean military missiles in the memorandum should not be applied to the civilian aerospace industry and the range should be extended to the international standard of 300 kilometers as set forth by the Missile Technology Control Regime (MTCR), he said.

He made the remarks when Rep. Yim Pok-chin of the main opposition National Congress for New Politics

demanding that the Korea-U.S. Missile Memorandum should not be repealed rather than revised.

After subscribing to the MTCR, South Korea should not be bound by the bilateral missile memorandum, Yim stressed.

ROK: Kong No-Myong Considers DPRK Stance on 4-Way Talks

SK2107035596 Seoul THE KOREA TIMES in English
21 Jul 96 p 2

[FBIS Transcribed Text] Foreign Minister Kong No-myong yesterday expressed optimism regarding North Korea's acceptance of the proposed four-party peace talks prior to his trip to Asian countries starting today.

"Everything is going well. North Korea cannot indefinitely put off its reply to the joint overture," he said. Pyongyang has not yet given any definite response to the joint proposal made by Presidents Kim Yong-sam and Bill Clinton on April 16.

Commenting on U.S. Congressman Bill Richardson's remarks that North Korea will accept a joint South Korea-U.S. briefing on the proposed four-party peace talks in August or September, the minister didn't rule out the possibility.

"I believe that the Congressman will have his own source of information on North Korean affairs," Kong told reporters.

With regard to the press reports that Kim Chong-u, chairman of North Korea's External Economic Commission, hinted at Pyongyang's participation in the joint briefing, Kong said that North Korea had basically shown interest in the proposal, but it was different for North Korea to accept the joint briefing.

Kong leaves for Jakarta, Indonesia, to attend sessions of the ASEAN Regional Forum (ARF) and post-ministerial conference (PMC) on July 23-25, the Foreign Ministry said yesterday.

Following his five-day stay in Jakarta, Kong will make an official visit to Singapore on July 25-27 and Vietnam on July 27-30.

During his stay in Jakarta, the foreign minister is scheduled to hold bilateral meetings with foreign ministers from Russia, Japan and China to discuss North Korean and regional security issues.

Kong will also meet foreign ministers from New Zealand, India, Cambodia, Thailand, Australia, Malaysia and the European Union (EU)'s "troika countries." On July 24, Minister Kong will hold a tripartite meeting with U.S. Secretary of State Warren

Christopher and Japanese Foreign Minister Yukihiko Ikeda.

**ROK: DPRK To Respond on Four-Way Talks
'Within the Week'**

*SK2407133096 Seoul KBS-1 Radio Network
in Korean 1100 GMT 24 Jul 96*

[FBIS Translated Text] It has been learned that today North Korea gave notice that it will reveal sometime this week whether it will participate in the four-way talks explanatory meeting through the New York channel contact to be held with the United States.

A Foreign Ministry official confirmed as such by noting that Minister Counselor Han Song-yol at the North's Permanent Mission in the United Nations and Deputy Chief David Straub at the U.S. State Department's Korea office held contacts at dawn today, Korean time, for the first time since 11 July. This official revealed that during the contact, regarding the U.S. side's question on whether the North will participate in the four-way talks explanatory meeting, Han Song-yol avoided making a direct answer but counter- questioned by saying: Will not the Pyongyang authorities' position be conveyed within the week?

This official said that such a response by the North Korean side is worth waiting for because it is more positive than the one given on the 11 July contact. The official also explained that we must bear in mind that it will not be easy for North Korea to make a decision regarding its participation in the four-way talks explanatory meeting because it will have to carefully balance what profit or loss it may obtain regarding its participation in the four-way talks explanatory meeting.

**ROK, U.S. To Keep Sanctions Until DPRK Accepts
4-Way Talks**

*SK2407092096 Seoul YONHAP in English
0849 GMT 24 Jul 96*

[FBIS Transcribed Text] Seoul, July 24 (YONHAP) — South Korea and the United States will not offer further food aid to nor lift economic sanctions on North Korea unless the North comes forward for the four-way peace talks proposed jointly by South Korea and the United States, a Foreign Ministry official said Wednesday.

"Those benefits are one of the major options we have in talks with the North on the proposed four-party meeting, the North's missile technology transfer and the repatriation of American soldiers missing during the Korean war," said Director General Yu Myong-hwan of the American Affairs Bureau.

Yu dismissed reports that the U.S. Government is considering easing economic sanctions on the North further, saying "that card cannot be used just to induce the North into the explanation sessions on the four-party meeting."

The director general noted that the North's coming forward for the explanation session alone does not guarantee that Pyongyang will eventually come forward for the four-party meeting.

"Taking the situation into consideration, the United States will not use the card of further lifting of economic sanctions at least until the North comes forward for the four-party meeting, although we urge them to do that," he said.

A variety of benefits the North might can receive [as received] will be discussed once North Korea accepts the four-way peace talks, Yu said.

The official envisaged that North Korea will eventually accept the peace initiative, saying "the North knows very well that it has too much to lose if it rejects the four-party meeting."

North Korea is eager to improve economic and political ties with the United States and U.S. President Bill Clinton made the proposal on the four-party meeting jointly with President Kim Yong-sam in Cheju Island last April, Yu noted.

"What if the North flatly rejects Clinton's official offer? That might mean that the North should say good-bye to President Clinton," he said.

Yu, however, predicted that it will take some time for the North to come forward for the four-party peace talks, taking note of the North's traditional brinksmanship strategy shown at the nuclear talks held in late 1994 between the North and the United States.

"North Korea may also think that they can get more from the Clinton administration since the presidential elections is coming in November," he said.

Minister Counselor Han Song-yol at the North's Permanent Mission in the United Nations met Deputy Chief David Straub at the U.S. State Department's Korea office on July 11 on the four-party meeting, according to officials.

Reports have said a similar contact has been made recently in New York, although Foreign Ministry officials would not confirm such a contact.

ROK: UN Official Comments on DPRK's Economic Condition

SK2007010896 Seoul YONHAP in English
0048 GMT 20 Jul 96

[FBIS Transcribed Text] Tokyo, July 20 (YONHAP) — A UN official well-versed in North Korean affairs has blamed exorbitant spending on the construction of behemoth monuments for the communist country's economic crisis, the SANKEI SHIMBUN reported Saturday.

Ian Davis, a counselor at the UN Industrial Development Organization, said in an interview that even after Kim Il-song's death, North Korea continued to spend lavishly on building non-productive structures such as the Tomb of Tangun and the monument commemorating the founding of the Workers' Party, while allocating few funds for the Najin-Sonbong Free Trade Zone.

Davis is visiting Tokyo with Kim Chong-u, vice chairman of North Korea's External Economy Commission, to attract foreign investment in the free trade zone.

North Korea will not collapse in a day as East Germany did, Davis indicated, although there are signs of socio-economic unrest there stemming from the flood damage last year and food shortages.

"As a result of my meetings with North Korean officials, however, I have come to feel that both the Workers' Party and the military are doing well," the 10-time visitor to the North added.

ROK Agency: DPRK Agent Served as Professor in Pyongyang

SK2207065196 Seoul YONHAP in English
0556 GMT 22 Jul 96

[FBIS Transcribed Text] Seoul, July 22 (yohap) — The North Korean agent who worked as an assistant history professor at Tankook University, disguising himself as a Lebanese-Philippine, was born to an ethnic Korean family in China and once served as professor at Pyongyang University of Foreign Studies before being sent to the South for espionage activities in 1984.

Chong Su-il, 62, assigned to the External Information Research Department of the North's ruling Workers' Party, impersonated a Lebanese-Philippine by shifting his nationality to Lebanon and then to the Philippines, the Agency for National Security Planning (NSP) announced at a press conference held at the Press Center in downtown Seoul Monday.

Chong is the first North Korean agent arrested in the South who after smuggling himself into the country disguised as a citizen of a third country. [sentence as received]

Chong, who was arrested July 3, entered the country with a student visa in April 1984 and completed a course at the Korean Language Institute, Yonsei University.

Chong has worked as an assistant history professor at Tankook University since February 1990, where he obtained a doctorate in history, and received 161 espionage instructions from his superiors via short-wave radio since June 1984, NSP said.

He supplied refined military and political information on 80 occasions in letters and through fax transmissions from major Seoul hotels to North Korea through relay points including one in Beijing, according to the agency.

Among the reports he filed were the "latest moves of Sin Sang-ok," a renowned South Korean film director who was abducted to the North but escaped later in Vienna, "check points and anti-tank barriers between Seoul and Panmunjom," "analysis of April general elections," "production of K1A1 tank" and "military equipment procurement program."

The NSP displayed 160 items and 81 different types of espionage equipment confiscated from Chong, including three short-wave radio receivers, a code book, poisoned needles, a decoding book, a bank account book with 110 million won, 4,800 U.S. dollars in cash deposited along with faxed instructions.

Chong visited North Korea four times since July 1987, by way of China and Australia among others, to receive a fatherland unification prize in recognition of his meritorious espionage services in the South and to receive espionage equipment and operational funds.

Born in Yanbian, China, in November 1934, Chong graduated from the Arabian Language Department of Beijing University. He came to North Korea in June 1963 accompanied by his wife and three daughters after serving as a second secretary at the Chinese Embassy in Morocco. Serving as an Arabic professor at Pyongyang University of Foreign Studies, he acted as an interpreter when the late North Korean President Kim Il-song met with Arabian dignitaries. Chong was recruited as an espionage agent in September 1974, according to NSP.

After undergoing clandestine training for four years and five months, Chong was instructed to conduct espionage activities in the South disguising himself as an Arabian on the strength of his command of the language and his facial features resembling an Arabian. He stayed in seven Mideastern countries including Lebanon and Tunisia for five years and four months before going to the Philippines to change his nationality again.

In a bid to disguise himself further, he again married a certain Yun, 45, a nurse at an unidentified hospital in Seoul in 1988.

Behaving like a specialist on Eastern and Western cultures, Chong befriended experts in the political, academic, journalistic and military circles. In addition to contributing articles to dailies, he has published books "History of Shilla Dynasty's Exchange With the West," and "The East and West in the World."

Chong's family members were identified by NSP as his wife Pak Kwang-suk, 61, a choreographer for Moranbong Theater; eldest daughter Mi-ran, 33, propagandist for the Workers' Party's Pyongyang city chapter; second daughter Tal-mi, 31, reporter at the Korea Central News Agency; and third daughter Son-a, 20, a graduate from Pyongyang Trade University. They live in the Taedongmun Apartment in Moranbong, Pyongyang, NSP said.

The agency referred Chong to the Seoul District Prosecutor's Office in physical restraint on charges of espionage activities and violating the National Security Law.

ROK: NSP Says DPRK Defector Smuggles Self Into ROK 22 Jul

SK2307063896 Seoul YONHAP in English
0551 GMT 23 Jul 96

[FBIS Transcribed Text] Seoul, July 23 (YONHAP) — A North Korean defector, who had been staying in a third country, smuggled himself into South Korea Monday afternoon, asking for asylum, the Agency for National Security Planning (NSP) announced Tuesday.

NSP, investigating the case, said that the defector is Ko Chun, 29, who graduated from Yangdok High School, South Pyongan Province, and worked at a lumber mill and a material supply center in Yangdok County before he escaped from the socialist country in May 1995.

Ko has a wife, two children and a brother in the North, the agency added.

ROK: DPRK Resident Defects to South Via DMZ 24 Jul

SK2407030296 Seoul YONHAP in English
0246 GMT 24 Jul 96

[FBIS Transcribed Text] Seoul, July 24 (YONHAP) — A North Korean resident defected to the South early Wednesday morning through the Demilitarized Zone (DMZ), the Defense Ministry said.

The defector, identified as Pak Chol-ho, 41, was found by a sentinel at 7:42 AM [2242 GMT] approaching to a

guard post of the Army's Third Division near Kimhwa, Kangwon Province.

Ministry spokesman Yun Chang-No said the authorities concerned are currently investigating details on his defection.

The defector was quoted as having said, "It's better to go to the South rather than to starve in the North. I knew through broadcasting from the South that people in the South are better off."

He is known to have engaged in farming in Kimhwa, Kangwon Province, and has wife and three sons in North Korea.

ROK: Defector Says Neighbors 'Die of Hunger Almost Every Day'

SK2407102396 Seoul YONHAP in English
0930 GMT 24 Jul 96

[FBIS Transcribed Text] Chorwon, Kangwon Province, July 24 (YONHAP) — "I was so hungry that I couldn't live in North Korea any longer," so said a North Korean man who walked across the truce line into the South early Wednesday morning.

In a press interview begun at 2:30 pm at the army Paekkol (White Bone) Division near here, Pak Chol-ho, age 41, said food ration has been completely suspended in North Korea and a few persons die of hunger almost every day in his and nearby villages.

The defector said he has his wife and four children in his hometown at Konchon-ri, Kimhwa-kun, Kangwon Province.

Pak said he left his village on the night of July 22 and spent a day along the embankment of the Hantan River before he swam the river and approached a South Korean guard post to be picked up by South Korean soldiers around 7:35 a.m.

"I well knew South Korean people are all well off by listening to South Korean radio programs from time to time," Pak said. He said he graduated from Wonnam Higher Middle School in 1973 and served in the army for five years through 1978, after which he said he worked as a procurer at a general food store.

An army doctor present at the press interview said the defector is in the state of serious malnutrition due to insufficient calorie intake.

ROK: Russia 'Preparing' To Ship \$200,000 in Food Aid to DPRK

SK2407122496 Seoul YONHAP in English
1150 GMT 24 Jul 96

[FBIS Transcribed Text] Moscow, July 24 (YONHAP) — Russia is preparing to deliver relief materials to famine-threatened North Korea from a humanitarian ground, the ITAR-TASS, quoting an Emergency Planning Ministry official, reported Wednesday.

The official said the 200,000-dollar assistance will consist mainly of foods, which he said will be flown to a North Korean airport shortly.

Russia delivered relief assistance of foods and clothes twice since North Korea suffered extensive floods last summer.

ROK: DPRK Elected FAO Alternate Asia Group Chaircountry

SK2207111496 Seoul YONHAP in English
0854 GMT 22 Jul 96

[FBIS Transcribed Text] Seoul, July 22 (YONHAP) — North Korea recently was elected to an alternate chaircountry of the Asia group at the United Nations Food and Agricultural Organization (FAO), a Foreign Ministry official said Monday.

North Korea will represent regional interests at the meetings of the FAO which has over 170 member countries while convening regional meetings to produce regional consensus at the FAO meetings, the official said.

The Foreign Ministry, however, did not attach any political or diplomatic importance to the North's election to the alternate chairmanship, saying that the position is just a clerical one for smooth operation of the FAO.

North Korea's Central Broadcasting Station Monday reported the North's election to the FAO regional chaircountry.

ROK: \$300 Fee Demanded for Participants in Najin Zone Forum

SK2207133596 Seoul YONHAP in English
0745 GMT 22 Jul 96

[FBIS Transcribed Text] Seoul, July 22 (YONHAP) — Participants in an investment forum slated to open in North Korea's Najin-Sonbong free economy and trade zone in September will be required to pay 300 U.S. dollars per person to attend, a government official said Monday.

"Participants are supposed to pay attendance fees when they register for attendance at the forum upon arrival at

Najin-Sonbong station," the official said. "The government plans to have the South Korean delegation pay the fees on a lump sum basis."

A minimum of 400 people and a maximum of 700 people are expected to attend the investment briefing session slated for Sept. 13-15, according to the official.

It is quite rare for a country to charge participants in an investment briefing session a fee for attending.

But North Korea charged 1,500 dollars per head to those participating in a briefing session on investment in the Najin-Sonbong free trade zone held in Beijing in October last year, and is charging 1,000 dollars to those taking part in a similar briefing session slated for Hong Kong later this month.

The fact that the North is demanding a far smaller on-the-scene attendance fee for participants in the forthcoming investment briefing session than those held abroad appears to reflect its intention to attract as many foreign businessmen as possible to the opening forum in North Korea, the official reasoned.

ROK: DPRK Mails Brochures to Government on Najin Zone Forum

SK2407090496 Seoul YONHAP in English
0748 GMT 24 Jul 96

[FBIS Transcribed Text] Seoul, July 24 (YONHAP) — North Korea has mailed 400 brochures to the South Korean Government outlining an investment forum in the North's Najin-Sonbong Free Economy and Trade Zone slated for September, accompanied by application guidance and form.

The brochure has been issued by three co-sponsors of the investment forum — North Korea's Committee for the Promotion of External Economic Cooperation (CPEEC), the United Nations Development Program (UNDP) and the United Nations Industrial Development Organization (UNIDO).

"We received 400 brochures July 16 through an international agency," a government official said Wednesday. "They are being kept at the Finance and Economy Ministry because details about the South Korean delegation to the forum like the size and criteria for participation have yet to be finalized."

The brochure was distributed at the recent North Korean investment forum briefing sessions in a few Japanese cities.

"It appears that the brochure was mailed to South Korea since no such briefing session has been planned for the South," the official added.

ROK: DPRK Wants To Attract \$850 Million in Investment to Najin

SK2407110396 Seoul YONHAP in English
1033 GMT 24 Jul 96

[FBIS Transcribed Text] Seoul, July 24 (YONHAP) — North Korea likes to induce some 850 million dollars in foreign capital to finance 101 projects in the Najin-Sonbong Special Economic Zone.

An official at the Finance and Economy Ministry said Wednesday this was learned from a brochure on Najin-Sonbong investment the North sent to the government recently through an international agency.

The 101 projects they wish to set up in the special area cover almost all industries like foods and beverages, cigarette, textile, apparel, furniture, plywood, paper, printing, petro-chemical, rubber, plastic, medicine, soap, cosmetics, oil, glass, ceramic, nonferrous metal, electric machinery and toy.

North Korea said in the brochure that foreign investors can invest either in joint ventures with North Korean firms or exclusive foreign investment.

The largest of the projects offered was an integrated circuit (IC) plant costing 204 million dollars. The project, offered as a joint venture with the North's Samgwang Trading Co., is to produce 2 million memory chips a year.

Other notable projects include oil refinery and naphtha cracking plants capable of refining 10 million tons of crude oil and turning out 2 million tons of naphtha a year, respectively.

Also among major projects envisaged are a high-definition television plant requiring an investment of 40 million dollars, a synthetic resin condenser plant (25.8 million dollars), a silk plant (23.6 million dollars), a silicone chip plant (24.4 million dollars) and a magnetics material plant (23.5 million dollars), according to the official.

ROK President, Pakistan's Premier Hold Summit Meeting

SK2207072596 Seoul YONHAP in English
0639 GMT 22 Jul 96

[FBIS Transcribed Text] Seoul, July 22 (YONHAP) — South Korea and Pakistan agreed Monday to increase economic cooperation and scientific and cultural exchanges between the two countries.

In a summit meeting with Pakistani Prime Minister Benazir Bhutto at Chongwadae (presidential offices), President Kim Yong-sam said he would support South Korean businesses increasing investment in Pakistan

when the prime minister asked for increased South Korean investment in her country.

He then said the Pakistani Government should create an environment conducive to increased South Korean corporate investment in Pakistan, according to Ku Pong-yong, senior presidential secretary for economic affairs.

Bhutto expressed an interest in and an understanding of South Korea's hopes for peaceful reunification of the country and the proposed four-nation meeting on the Korean peninsula's peace issue, saying she hopes that the Korean issue will be peacefully settled as soon as possible.

Kim said he expects Pakistan to continue playing a constructive role in Southwest Asia's peace, stability and prosperity.

The two leaders also agreed to continue maintaining close cooperation in the United Nations and other international forums for the achievement of a lasting and stable world peace.

President Kim will host a state dinner for Prime Minister Bhutto at Chongwadae in the evening.

ROK: Pakistan's Bhutto, Kim Yong-sam Discuss Cooperation

BK2207104596 Islamabad Radio Pakistan Overseas Service in English 0800 GMT 22 Jul 96

[FBIS Transcribed Text] Prime Minister Benazir Bhutto and President Kim Yong-sam of South Korea have agreed to give impetus to bilateral economic cooperation and trade. This was agreed during extended formal talks between the two leaders in Seoul today. President Kim Yong-sam said South Korea would look positively for extending soft term assistance for 13 projects in Pakistan, encourage private sector investments, and recruit more Pakistani labor force for Korea.

Briefing newsmen after the talks, the foreign secretary, Mr. Najmuddin Sheikh, said the discussions covered bilateral, regional, and international issues. The prime minister praised the enormous economic progress that Korea has made and said Pakistan would like to emulate from this example. The foreign secretary said the two leaders talked about specific suggestions from Pakistan for soft loans of about \$130 million, increased recruitment of Pakistani labor, and to enhance trade. He said the two leaders talked about cooperation in the United Nations and the constructive role that Pakistan has played in seeking to finalize the text of the Comprehensive Test Ban Treaty and the concern that was created by the statement issued by India on 20th of June that it would not sign the Comprehensive Test Ban

Treaty as well as subsequent statements that India may even block the treaty. The prime minister emphasized that the treaty would be worthwhile if the international community urged to sign it. [sentence as heard].

Meanwhile, several Korean top business executives called on prime minister this morning and exchanged views about the incentives being provided by the government to attract foreign investments.

ROK: Kim Yong-sam Fetes Visiting Pakistani Premier

SK2207133696 Seoul YONHAP in English
1128 GMT 22 Jul 96

[FBIS Transcribed Text] Seoul, July 22 (YONHAP) — President Kim Yong-sam, hailing visiting Pakistani Prime Minister Benazir Bhutto as "standardbearer of Pakistan's democratization," said Monday evening he and the Pakistani premier share the experiences of having overcome all tribulations to earn the precious value of democracy in their respective countries.

In a table speech at the state banquet he hosted for Bhutto at Chongwadae [presidential offices], President Kim said he believes these common experiences and determination would serve as a base for further solidifying friendship between the two countries.

Saying that Prime Minister Bhutto had given hope and courage to the Pakistani people during the dark years of military dictatorship, President Kim said he wished to take the occasion to express respect to Prime Minister Bhutto's indefatigable courage and outstanding leadership.

In her speech, Bhutto said the Pakistani people have exceptional respect for President Kim especially in this age of liberty, democracy and human rights.

She said she, as a democrat, has come to visit another democrat in an effort to achieve the common goals of stability, security and growth.

ROK: Bhutto Hints at Indian Involvement in Airport Bombing

BK2407141696 Islamabad THE NEWS in English
24 Jul 96 ?pp 1, 10

[Report by Salim Bokhari]

[FBIS Transcribed Text] SEOUL — Prime Minister Benazir Bhutto on Tuesday hinted at the involvement of India in the Lahore airport blast and other acts of terrorism in Punjab.

Talking to journalists here after attending a reception hosted for her by Pakistanis living in South Korea, she pointed out that these explosions followed India's

decision to hold state elections in occupied Kashmir. These acts of terrorism are an attempt to divert the international attention from the human rights violation in held Valley. "This itself is an indicator of who is behind these activities."

She said she would not rule out the involvement of foreign hand in these subversive acts. She said she had spoken to Interior Minister Nasirullah Babar who informed her that a probe into the airport blast was in progress. "We condemn all kinds of terrorist acts, and we will deal with terrorists with an iron fist."

She said the explosives used in the Lahore airport and other blasts elsewhere in Punjab have been found identical.

Fighting terrorism:

To a question, she said Pakistan has always condemned terrorism in all forms. She said a global war against international terrorism is the need of the hour.

Ms Bhutto said her government has tightened security along international borders to minimize the chances of terrorists penetrating the country. She said internal security has also been beefed up especially at public places like bus stops, railway stations and airports.

Mid-term polls: Prime Minister Benazir Bhutto said the government will hold elections in 1988 as provided by the Constitution. "Elections would be held after two years and four months. I am not forced by any other factor but the Constitution to hold polls after completing my term."

The prime minister said she was elected in a fair and impartial election and the opposition must realize her right to govern for five years. "I am surprised how the Opposition expects the people not to vote for the People's Party in the general elections of 1998."

Cabinet expansion: To a question, Ms Bhutto said she would expand the federal cabinet after returning home from South Korea. She said she could not increase the number of her ministers so far due to other pressing issues. She said she has been governing the country with a small cabinet of 18 ministers, adding that the Opposition never appreciated the government on this count.

Article 58 2-b: Ms Bhutto said the Opposition parties have been asking the president to invoke Article 58 2-b without realizing that he had been struggling against this provision of the Constitution. She said President Leghari is a firm believer in Parliamentary democracy and is a democrat by every standard and would not invoke Article 58 2-b.

Select committees: Ms Bhutto welcomed the decision by Opposition leader Nawaz Sharif to talk to the President on the issue of select committees. She said Sharif wrote a letter to the president who suggested the formation of parliamentary select committees. "Now it is for the Opposition to contact us, and we are waiting for his response in this connection." She hoped Sharif will also respond to her offers for dialogue on all issues. The ball is in the opposition's court, she added.

ROK Foreign Minister Leaves for ASEAN Meetings in Indonesia

SK2107062996 Seoul YONHAP in English
0540 GMT 21 Jul 96

[FBIS Transcribed Text] Seoul, July 21 (YONHAP) — Foreign Minister Kong No-myong left for Jakarta Sunday to attend the ASEAN (Association of South-east Asian Nations) Regional Forum (ARF) and the ASEAN's expanded foreign ministers meeting.

In the Indonesian capital, Kong will meet with the foreign ministers of the United States, Japan and Russia about the proposed four-nation meeting among North and South Korea, the United States and China for establishing a permanent peace regime on the Korean peninsula.

On Monday, he will meet Russian Foreign Minister Yevgeny Primakov to discuss the Northeast Asian situation and ways of increasing bilateral cooperation between the two countries after President Boris Yeltsin's reelection.

On Wednesday, he will meet with Japanese Foreign Minister Yukihiko Ikeda about the follow-up measures to the Cheju summit between President Kim Yong-sam and Prime Minister Ryutaro Hashimoto and Japan's Exclusive Economic Zone in the East Sea [Sea of Japan] and the related fishery talks between the two countries.

Kong will also hold a three-way meeting with U.S. Secretary of State Warren Christopher and Foreign Minister Ikeda on the North Korean situation, including its food shortages.

On Thursday, he will meet Chinese Foreign Minister Qian Qichen to ask for Chinese cooperation in the proposed four-way meeting on the Korean peninsula's peace issue.

Kong will also meet the foreign ministers of New Zealand, India, Cambodia, Thailand, Australia, Malaysia and European Union Nations.

Finishing his schedules in Jakarta, Kong will visit Singapore and Vietnam from July 25-30.

ROK: Daewoo Announces Global Project Plan

SK2107034796 (Internet) The Digital Chosun Ilbo
WWW in English 1133 GMT 20 Jul 96

[FBIS Transcribed Text] Kim U-chung, chairman of the Daewoo Group, unveiled Saturday its global project plan in Tashkent, Uzbekistan where the country's first industrial facility is being opened by Daewoo in the form of a motor vehicle production plant.

Under the group's new overseas project strategy Daewoo will undertake resource and food development, construct a neighboring new city near Hanoi, Vietnam, take over a large truck company in New York and completion of a hotel chain network in China.

Kim said that the group will aggressively invest research and resources in preparation for a potential oil crisis. Already underway are food resource development projects in 3-4 areas in the worlds in light of North Korea's food crisis.

According to Kim's Vietnam investment plan, \$3 billion will be spent purchasing 500,000 pyong [one pyong equals 3,954 square yards] near Hanoi and constructing a new city for embassies, foreign businessmen housing to serve as a luxurious residential town. It will also develop a 1.5 million pyong car and electronics parts industrial complex near Saigon and co-operate with POSCO (Pohang Steel Company) to establish a 2 million ton capacity steel company. In addition the group plans to establish an automobile company in Vietnam.

Daewoo Motors will develop a new model car by next year headed for the US market. It will take over a commercial vehicle production facility in Europe and import 1 ton class commercial cars produced at a Daewoo factory in Poland.

In India, Daewoo will expand an engine and transmission production factory to a capacity of 300,000 sets and increase the capacity of a passenger car facility to 210,000 units.

ROK: 'Technical Personnel Country of Origin System' Viewed

SK2207141196 Seoul YONHAP in English
0651 GMT 22 Jul 96

[FBIS Transcribed Text] Seoul, July 22 (YONHAP) — Foreign construction firms will be required to use the technical manpower of the same nationality for projects they undertake in Korea.

Under the so called "technical personnel country of origin system," U.S. construction firms, for example, will be required to list only the names of technicians

with U.S. nationality in application papers for operation licenses in Korea.

The Construction and Transportation Ministry said Monday that it is concerned that construction firms from advanced countries might bring in construction crews from Southeast Asian countries to take advantage of their cheap wages, and the proposed system is designed to block that, as it is preparing to open the domestic construction market to foreign firms next year.

Under the existing law, foreign construction firms in civil engineering and other types of construction are each required to have four engineers with licenses, 10 engineers for civil engineering and construction firms, and more than five engineers for special construction firms, to be eligible for the license, in addition to a requirement for a certain amount of capital.

Foreign construction firms with third-country construction crews would be in a very good position to compete with domestic construction firms, taking advantage of their low wages, concerned ministry officials said.

The ministry, therefore, has decided to require foreign firms to have construction engineers of their own nationality as a condition for issuing licenses to foreign firms, they said.

The ministry is slated to issue a public notice for foreign construction firms to apply for operating licenses in the country, and begin issuing licenses in October, after reviewing their applications in August and September.

ROK: Seoul Metropolitan Police Order Tightened Security

SK2107035796 Seoul THE KOREA TIMES in English 21 Jul 96 p 3

[FBIS Transcribed Text] The Seoul Metropolitan Police Agency yesterday ordered all police precincts and anti-terror squads to tighten security around important government buildings, foreign missions and public places.

An agency spokesman said that the aim of this heightened security was to prevent possible terrorist attacks ahead of a series of important international events, including the 1997 Winter Universiad, the 1999 Winter Asiad and the 2002 World Cup soccer finals, all to be held in Korea.

Accordingly, checks on personnel and cars will be stepped up at the above-mentioned buildings, while patrols will be increased at department stores, bus terminals, subway stations and sports stadiums.

Extra guards will be deployed around embassies and foreign cultural centers, and police precincts responsible

for safeguarding the missions are ordered to respond quickly should an attack occur.

At the same time, police SWAT teams and anti-terrorist groups are gearing up their training in order to heighten capabilities to deal with contingencies, while advanced equipment is being brought in to cope with the increasingly sophisticated methods used by terrorists.

In a test of their readiness, a demonstration was conducted in a given scenario where a bomb was planted in a subway station in central Seoul yesterday. Police dogs were mobilized to sniff out the imaginary bomb planted by a terrorist, while SWAT teams were let loose in an operation of surgical accuracy to apprehend the terrorist without hurting bystanders during the training.

ROK National Assembly Ends Interpellation Session

SK2107035096 Seoul THE KOREA TIMES in English 21 Jul 96 p 1

[By staff reporter Kim Yong-pom]

[FBIS Transcribed Text] Opposition lawmakers urged the government to lift restrictions on trade union activities and improve the treatment of foreign workers in the last day of the five-day interpellations on social, labor and education affairs at the National Assembly yesterday.

They called for the revision of labor laws to guarantee more freedom in union activities, citing the repeated recommendations of the International Labor Organization.

In the assembly session on social affairs, lawmakers of both the ruling and opposition camps raised alarm with the serious disintegration of morality, as represented by the shocking cases of sexual abuse of teen-age girls, and other social ills. Standing committees will begin work tomorrow with the end of the five-day interpellation at plenary sessions.

In the last day interpellation session, lawmakers of the ruling and opposition camps alike raised their voices calling for a new government policy perspectives to deal with what they called a total collapse in the value system in this society.

The lack of consistency on education and environment policies were also criticized in the assembly session.

Acknowledging the seriousness of the social disorder, Cabinet members agreed to the need for enhanced public moral education.

Prime Minister Yi Su-song, admitting that the government still had no specific solutions to the social disorder,

only said that he believes society needs a spontaneous campaign to "spruce up" national consciousness.

Rep. Cho Song-chun of the National Congress for New Politics (NCNP), elaborating on labor affairs, called for the removal of various restrictions on union activity.

The labor activist-turned lawmaker called for a revision of labor laws to allow teachers and public servants to form a trade union and allow unions to engage in political activities.

Touching upon the treatment of migrant workers here, he bashed the Kim Yong-sam administration about its failure to manage them properly, arguing that it only resulted in producing illegal workers and local employers who mistreated them.

As a measure to prevent this, he called for new legislation to be on par with the international labor standards.

Another lawmaker of the ruling New Korea Party (NKP), Kim Mun-su, also called for the enforcement of strict labor standards.

In response to their interpellations on foreign worker affairs, Prime Minister Yi revealed that the government is seeking to introduce a more effective measure to control the migrant workers in violation of their visa status.

As to the foreign trainee issue, Labor Minister Chin Nyom replied that the government agencies are now working on a new legislation to better protect the right of foreign workers.

According to the labor minister, the number of foreign workers totalled 160,000, including some 100,000 illegal foreigners, as of the end of May.

As to the questions about the wage level, the minister revealed that the industrial trainees were being paid 690,000 won on average a month, but those with an illegal status are getting more, about 800,000 won (about \$1,000).

Other lawmakers took issue with the failure of environmental policies, referring to the recent massive discharge of polluted water from Sihwa Lake and the extreme contamination of the Yochon industrial complex.

Rep. Kim Chong-hak of the United Liberal Democrats (ULD) lashed out at the government, saying it totally abandoned its duty to monitor pollution, while Rep. Chong Sang-chon of the ULD questioned if there existed any plan to check the severe air pollution, ahead of the World Cup here in 2002.

Other lawmakers raised their voices over frequent changes in educational policies and the ever growing

financial burden of parents because of education expenses. Rep. Chong Hui-kyong of the NCNP leveled sharp criticism against the "absolute unpredictability" of educational policies, notably the university entrance system.

The former high school principal claimed that the "educational reform program" promulgated last year proved a failure, adding confusion to college admission affairs.

Rep. Yi Kang-hui of the ruling New Korea Party demanded measures to relieve parents of the exorbitant financial burden for education, claiming that it was estimated at 17 trillion won across the nation. Other ruling party lawmakers stressed a need to instill humanistic values in education, particularly since the recent spate of sexual abuse cases among teen-age girls and increasingly violent juvenile crimes.

Rep. Kang Yong-sik of the NKP insisted that school education should put greater emphasis on nurturing personalities and stemming the disintegration of community values.

ROK: Presidential Aide Rules Out Party-to-Party Summit for Now

SK2007050696 Seoul YONHAP in English
0439 GMT 20 Jul 96

[FBIS Transcribed Text] Seoul, July 20 (YONHAP) — A senior presidential aide ruled out Saturday any immediate plans by the ruling camp to push for separate party-to-party summit talks with opposition leaders again.

"Summit talks between President Kim Yong-sam and two opposition party leaders were aborted by the opposition's refusal and the matter was finished for the time being with that," he said.

"Accordingly, whether such summit talks will be held in the future is a matter for the president to evaluate anew."

On the release of Rep. Kim Hwa-nam from detention following a joint petition by ruling and opposition party lawmakers and its possible link to summit talks, the official acknowledged that the measure was extended "as a result of President Kim's respect for the opinions of the National Assembly."

Kim Hwa-nam's release, however, is not connected with the political summit talks, he stressed, saying, "the release and the talks are totally different things."

Meanwhile, the main opposition National Congress for New Politics (NCNP) remained steadfast in their

demand for a ruling party apology for Rep. Yi Sin-pom's recent blasts on opposition party leaders, which prompted opposition leaders to cancel their planned visits to Chongwadae [presidential offices] a few days prior to talks with the president.

NCNP spokesman Chong Tong-yong brushed aside rumors of rival political camps pushing for such talks again, saying, "We have no change in our principle that a party-level apology carries more weight than an individual one from Rep. Yi."

ROK: Ex-Chon Aide Testifies on Chon's Planning Coup

SK2207140996 Seoul YONHAP in English
0724 GMT 22 Jul 96

["Rep. Kwon-chun Testimony: 'Chon Started Preparations for Power Seizure Before Choe Resigned' — YONHAP headline]

[FBIS Transcribed Text] Seoul, July 22 (YONHAP) — Rep. Kwon Chong-tal, a former key aide to Chon Tu-hwan when the disgraced former president was heading the Defense Security Command [DSC] in 1980, argued Monday that Chon and his followers in the army began preparations for power seizure even before then-president Choe Kyu-ha stepped down in 1980.

Kwon, then information director of DSC, said that Gen. Chon ordered him to have U Pyong-kyu and Pak Chol-on, legislative members of the Special Committee for National Security Measures, start working on a constitutional amendment in July 1980.

Kwon was testifying at the 23rd session of the court hearing on the Dec. 12 mutiny and May 18 massacre at the Seoul District Court.

"Under commander Chon's order, I provided separate rooms to U and Pak at the DSC and put them in charge of all work related to the the constitutional amendment," Kwon said.

Then-president Choe resigned Aug. 16, 1980, and then acting prime minister Pak Chung-hun served as a proxy until Chon became the president on Aug. 27.

Chon, upon being briefed on a constitutional amendment drafted by Pak and U in mid-July, finally decided to revise the constitution to the effect that the president would be selected through an electoral college and the new president would serve a single seven-year term.

The briefing session was also attended by Ho Hwa-pyong, Ho Sam-su, Yi Hak-pong, No Tae-u, Chong To-yong, Yi Chong-chan (former general affairs director-general at the Central Intelligence Agency), and Ho

Mun-to (chief secretary to the CIA director), Kwon recalled.

Most of the participants to the session were supporting an indirect election system for the presidency while Ho Sam-su alone argued for a popular election system, he added.

As for the presidential tenure of office, Ho Hwa-pyong and Ho Sam-su were tenaciously arguing for a six-year term but Chon instructed U and Pak to stipulate a seven-year term.

An independent from Andong, North Kyongsang Province, Kwon also said that he was instructed by Chon to work out "measures to settle current situations." "I briefed Gens. No Tae-u, Hwang Yong-si and other new military elite officers and DSC staff members on the 'measures' in a gathering at a Central Intelligence Agency safe house in Kungjong-tong on May 4, 1980," he said.

"We met often, once every two to three days to talk over them," Kwon said.

He went on to say that Yi Sang-chae, a DSC non-commissioned officer in charge of "measures for mass media," had been named to the post at the recommendation of the then DSC director for personnel affairs, Ho Sam-su. "Yi had his 'Operation-K Plan' approved by Chon in March 1980," Kwon added.

ROK: Survey: Kim Yong-sam Supports Yi Hong-ku as NKP Candidate

SK2307044896 Seoul THE KOREA HERALD
in English 23 Jul 96 p 2

[FBIS Transcribed Text] Who is most likely to become the standard-bearer of the ruling New Korea Party [NKP] when the presidential election is held in December next year?

Many lawmakers believe President Kim Yong-sam, who also heads the ruling party, will probably endorse party Chairman Yi Hong-ku.

In a recent survey of lawmakers by a monthly magazine, a third of respondents said President Kim will support Chairman Yi as the presidential candidate.

The lawmakers said Yi has the confidence of President Kim, whose backing will certainly sway the outcome of the race among several potential presidential candidates. They also said Yi would ensure a smooth transition.

Chairman Yi was followed by Rep. Kim Tok-yong, also minister of state for political affairs, and Rep. Choe Hyong-u as the potential ruling party candidate most

likely to win President Kim's blessing. Reps Kim and Choe are President Kim's close associates.

When competition is unrestricted, with President Kim remaining neutral, Rep. Choe was selected as the one most likely to win the ruling party's nomination.

Rep. Kim was selected as the party member exercising greatest influence among the potential presidential candidates from the party.

Rep. Yi Hoe-chang, a former prime minister, who advocates the rule of law, ranked fourth. But the largest number of lawmakers said he is the potential presidential candidate most likely to beat opposition candidates.

Prime Minister Yi Su-song and Rep. Yi Han-tong, former National Assembly vice speaker, were listed second and third as a potential presidential candidate most likely to win over opposition candidates.

Pak Chan-chong, a former presidential candidate, was seen as the party member most likely to leave the party if he fails to win the party's presidential nomination.

Pak, who ran in the 1992 presidential election as an independent, was recruited by the ruling party in January to lead its campaign for the April general elections in Seoul and its vicinities.

ROK: NCNP Wants Broadcast Law Ensuring Unbiased TV News

SK2207012096 Seoul THE KOREA HERALD
in English 22 Jul 96 pp 2,4

[By staff reporter Nam In-su]

[FBIS Transcribed Text] News broadcast shall be impartial and objective—or so stipulates a provision in the nation's Broadcast Act.

But the main opposition National Congress for New Politics (NCNP) expresses doubts that the three major TV stations—KBS, MBC and SBS—live up to the statute.

The opposition party also questions the TV networks' observance of another provision of the act which requires that broadcasters refrain from supporting or advocating a certain political party, lobby, or other group.

"The broadcasting companies are acting to the contrary," says Rep. Yu Chae-kon, an NCNP vice president.

Yu claims that Korea's media in general, and the broadcast media in particular, behaves more like a mouthpiece of the government and its party than as a watchdog on behalf of the public.

Now the NCNP is trying to amend the broadcasting law to prevent what it calls unethical practices by TV networks.

Charging that the general elections in April were marred by widespread fraud on the part of the ruling camp, the NCNP held that unbalanced TV reports were largely responsible for its defeat.

In a recent report on "correcting TV reporting," the opposition party enumerated cases of what it termed the biased media coverage of the April vote.

After monitoring prime-time news programs of the three networks in the month before the vote, the NCNP concluded that they all devoted more time to the ruling party's campaign activities and pledges than to those of opposition parties.

The networks also inadequately covered events hurting the government and its party while exaggerating those damaging to the opposition, the NCNP claimed.

A journalism scholar noted in the report that broadcasters were more subtle and sophisticated in distorting news coverage than in the past.

Government officials and ruling party leaders were filmed from a better angle and their voices were recorded more clearly, he said, while opposition leaders often appeared angry or gloomy.

The hardest blow to the NCNP came at the end of the campaigning when television as well as newspapers were highlighting tension building between South and North Korea with reports on North Korean soldiers' armed incursions into the Demilitarized Zone.

The reports blew the incidents out of proportion and encouraged fearful voters to switch their allegiance from the opposition to the ruling party, the NCNP alleged.

As a result, the NCNP said it won only 79 seats, far less than its goal of 100 seats.

After the elections, the NCNP made a protest visit to a broadcasting station, which it defined as the most biased in its election coverage—particularly concerning an antigovernment rally organized by the party.

The company management admitted to an unbalanced handling of some of its news reports on the main opposition party. But it denied the existence of an order or an instruction from the governing camp.

"Protest visits work only for a couple of days. After that, they continue unfair coverage, siding with the government," said Kim Hyon-mi, head of the NCNP's TV monitoring team. "I believe there's something or somebody behind this unethical practice."

To safeguard impartiality in news reporting, the opposition party is going to revise the broadcasting law when the National Assembly puts a special committee in operation.

After a month-long parliamentary deadlock, the ruling and opposition parties have agreed to launch two special committees, one of which is aimed at the revision of laws to ensure fair elections in the future.

The NCNP is planning to focus its efforts on making the Korean Broadcasting Commission, an agency governing the broadcasting media, free of political influence.

The commission is composed of nine members appointed by the President from among broadcast experts and others with reputations for integrity, according to the law.

The prime minister, the chief justice of the Supreme Court and the speaker of the National Assembly each recommend three of the members for appointment.

As a result, the commission is structurally under the influence of the president, the NCNP said.

"Our party will strive for legislation calling for a parliamentary hearing on the nominees of the commission," said Kim Hyon-mi of the opposition party.

An alliance of 47 groups monitoring TV news broadcasting, including three TV labor unions, said that together with opposition parties, it is drafting a revision bill to the broadcast act, which the opposition parties plan to submit when the special committee starts its operation early next month.

The bill would increase the number of the commissioners from nine to as many as 30 and exclude the judiciary from recommending candidates for the posts, he said.

One of the reasons the NCNP is so eager to change the statute will be next year's presidential election in which its leader Kim Tae-chung is planning to run.

The three-time presidential contender has said that what he claimed to be distorted media coverage hurt him in past presidential races.

"Compared with the print media, television has a stronger influence over voters. A person's image once formed (by TV) won't change easily," said Rep. Yi Hae-chan, chief policymaker of the NCNP.

The opposition party, however, will find it difficult to achieve its goal when deliberation on revision bills starts. In addition to winning support from the second largest opposition United Liberal Democrats, it will have to cajole the ruling party to make concessions.

While the NCNP has five seats on the 18-member special committee of the National Assembly, the ruling party has nine, including that of the committee chairman.

ROK: Ten Items Exempted From Publication Freedom Clause of Bill

SK2307040296 (Internet) *The Digital Chosun Ilbo*
WWW in English 1204 GMT 23 Jul 96

[FBIS Transcribed Text] The Ministry for Government Administration finalized the Administration Information Publication Bill on Monday.

The bill covers the whole government but excludes from its application the National Security Planning Bureau and other agencies connected with national security. This draft of the bill is narrower than the previous draft submitted to the National Assembly.

Ten types of information will be exempt from the publication freedom provisions in the bill: intelligence and information classified under other laws, information connected with national security, national defence, unification or finance, information concerning the lives or assets of private citizens, information being used by enforcement agencies in the course of investigations, personnel information, information relating to technological development, contract bidding, examination testing and supervision and foreign economic negotiation processes and discussions, personal information, management secrets and information that if released is capable of bringing about real estate speculation.

ROK: Impact of Samsung's Forays Into Small-Business Sectors

SK2107034096 (Internet) *The Digital Chosun Ilbo*
WWW in English 1128 GMT 20 Jul 96

[EDITORIAL: "Samsung's Small And Medium Enterprises"]

[FBIS Transcribed Text] Entry by the large multinationals into markets reserved for small and medium enterprises is nothing new. However, the Samsung Group's recent indiscriminate foray into such arena is akin to a form of low class capitalism. What sort of enterprise is Samsung? Is it fitting for a corporation representative of the country's international assertiveness with world-wide participation in hi-tech industries such as semi-conductor chip manufacturing, ship-building, petrochemical refining and finance to be entering, say, the local passenger car market?

Surprisingly, Samsung's indiscriminate infiltration into the market territory of the small and medium enterprises is not limited to one or two instances. Wherever

money is to be made, Samsung is rearing its head. Recently, it has proceeded to permeate the corrugated paper-making, galvanizing, record-disk recording, table clock (as received) manufacture and even the interior designing and decorating industries. These are the ones that we are aware of; undoubtedly there are countless more.

The serious consequence of Samsung's infiltrations is the setting off of a chain reaction of bankruptcies amongst small and medium industries. It is rumoured by business circles that Samsung's entry into the interior design industry last year brought about the financial ruin of 40 businesses alone. The complaint by business circles is that Samsung is monopolizing the interior decoration work required by the various Samsung Group subsidiaries which is in itself is sufficient to bring about the bankruptcy of competitors. Furthermore, Samsung is head-hunting the most capable engineers causing instability in the labour market of the design industry.

Even more startling is the method of Samsung's thrust into the small and medium enterprise markets. Samsung establishes disguised subsidiaries and if there is a counter reaction by related industry participants Samsung denies that the relevant entity is a subsidiary. Take

the case of Chugang Design, a disguised subsidiary which Samsung refers to as merely a company in which Chungang Development has taken share holdings. It is like a "cat covering its eyes and meowing" while attempting to hide its real identity. The disguised subsidiary then proceeds to progress its operations, flouting the relevant laws and distributing lowly priced sub-contracts to smaller, desperate companies, behaviour which can be fairly be described as immoral.

What age are we in now? Is this not the age where economic boundaries have been removed and the marketplace fully opened up to unlimited competition? It is the age where irrespective of the size of capital reserves and manpower strength it is difficult for business to succeed surrounded by such intense competition. It is time that Samsung displayed the honour and good grace befitting of an international multi-national and launched a do or die effort to succeed in the area of hi-technology products at a global level. It should refrain immediately from unjustly through disguise moving into areas reserved for the small and medium enterprises at the same time unlawfully dishing out unfair sub-contracts to its smaller competitors who are held to hostage.

Burma

Burma: Suu Kyi Letter to Hashimoto Asks Help for Burmese Democracy

OW2407033996 Tokyo ASAHI SHIMBUN
in Japanese 23 Jul 96 Morning Edition p 2

[Report by Nobuo Fukuda]

[FBIS Translated Text] Jakarta, 22 July — The full content of a letter sent by Aung San Suu Kyi, leader of the democratic movement in Myanmar (Burma), to Prime Minister Ryutaro Hashimoto last month, seeking the Japanese Government's cooperation, has been revealed. Suu Kyi pointed out that Japan is in a position to influence the Burmese situation through aid and other means and asked Japan to take action together with the international community to restore democracy and improve the human rights situation. Hashimoto did not reply to the letter.

The content of the letter, dated 14 June, follows: Dear Prime Minister Hashimoto:

I am grateful for the firm position you and the Japanese foreign minister took when People's Assembly members from the National League for Democracy (NLD) were arrested prior to the NLD party meeting. The State Law and Order Restoration Council (SLORC) put a stop to its overreaction, and the collapse of peace in Burma was avoided.

However, I regret to inform you that judging from recent actions of the SLORC, the political regime is increasingly relying on suppression and illegal coercion to stifle democracy in Burma.

NLD members who were arrested in May remain in detention. Yet, the political regime is saying the contrary. It is clearly applying strong pressure on NLD members who were elected in the democratic election held in 1990 to resign as People's Assembly members and leave the party.

The political regime is employing all sorts of methods to weaken support for the NLD. Imprisonment is, of course, resorted to, and NLD supporters living in state-owned buildings are being expelled.

Despite the cruel suppression of the political regime, the Burmese people continue to voice their strong demand for democracy. They clearly support the activities of NLD, which aim at peaceful transition to a political system that will meet such a demand.

Japan is in a special position to influence the situation in Burma by closely linking aid and economic cooperation to progress in the democratization process. Japan only needs to align its actions with the principles incor-

porated in the Official Development Assistance (ODA) Outline.

The situation in our country is entering a critical stage. To translate the UN General Assembly Resolution on the Present Situation and Human Rights in Burma into action, I hope that Japan and other members of the international community will take concerted action.

Aung San Suu Kyi
Secretary General
National League for Democracy

Burma: Suu Kyi Told 'Go Back to Where You Came From'

BK2307135296 Rangoon MYANMAR ALIN
in Burmese 20 Jul 96 p 6

[Article by Myo Chit Thu: "Go Back to Where You Came From"]

[FBIS Translated Excerpt] Unprecedented stability and tranquility now prevail in Myanmar [Burma]. The government's constructive undertakings are achieving positive results in all aspects. [passage omitted on return of jungle-based armed groups to the legal fold, achievements of the State Law and Order Restoration Council (SLORC); and implementation of political, economic and social objectives.]

Foreign countries are also intensively investing in a peaceful and stable Myanmar.

As political stability and economic development gain momentum, a force is working to destroy the interests of the people and the country.

This destructive force is vociferously telling the international community not to invest in Myanmar, not to grant it financial aid, not to visit Myanmar, and not to allow Myanmar into ASEAN.

This force has no regard for national interests. It relies on foreign elements, and it will dance accordingly when the strings are pulled by the neo-imperialists. Like the maxim [a wife] offering a sword to a thief, this destructive force will do anything to please the imperialists. [passage omitted on mass rallies held to support the SLORC's constructive development works and to denounce destructionists, and unveiling of the people's desire billboards in states and divisions]

Local and foreign investors held a seminar on Visit Myanmar Year and Economic Development at the International Business Center on Promye Road in Yangon [Rangoon] on 16 July. The seminar was attended by responsible personnel of the local and foreign enterprises, business representatives, and invited guests.

At the seminar, the discussions of the foreign investors were very valuable and encouraging. I believe six foreign investors in their representations said they could not tolerate the acts of destructionists who hold negative views and rely on foreign elements. Allow me to present some of them. [passage omitted on positive remarks made by Mr. Sulistyo, managing director of the Basa Myanmar Tobacco, about his business in Myanmar and its economy.]

Mr. Sulistyo's remarks show he has goodwill toward Myanmar. We can say he is a person with clear vision, and his remarks have to be given importance because he is an experienced foreign entrepreneur.

Mr. Sulistyo is from Indonesia. At the seminar, he presented the future of Myanmar's economy by comparing it with Indonesia's development. He said it took 30 years for Indonesia to reach the present stage and added that, with the aid of high technology, Myanmar can reach Indonesia's stage of development in less than 20 years. He added that there are good opportunities for foreign investments here. His remarks are so encouraging!

Although he is a foreigner his goodwill for Myanmar is obvious because he is working for mutual cooperation. He is totally different from those who hold negative views and rely on foreign elements.

The destructive force is an obstacle for the country when efforts are being made to build a modern and developed nation. That is why, I have few words for those who lead the destructive force: "Go back to the place where you came from"

Burma: Editorial Claims Newsmen To Get Easier Access to News

BK2307134696 Rangoon THE NEW LIGHT OF MYANMAR in English 23 Jul 96 p 6

[Editorial: "For Easier Access"]

[FBIS Transcribed Text] There are local correspondents of foreign wire services and other media who seek to source their despatches abroad. There are their counterparts who come to Myanmar [Burma] on various assignments and go after news through various sources to file them as quickly and authentically as possible.

Since Myanmar opened its doors to visitors, including newsmen, after the advent of the State Law and Order Restoration Council [SLORC], means of helping newsmen gather news was devised, including the formation of the Information Committee for the express purpose of helping newsmen get what they needed.

There were regular Friday noon news briefings when local correspondents and others who happen to be vis-

iting could attend and seek answers they were looking for, or file reports based on what the Government could release.

In the absence of such briefings or proper sourcing, journalists wander around, getting whatever they could, forming opinion on whatever is told them by those they could easily meet.

Ministers and lower-echelon staff were made available and the foreign Press was occasionally taken on trips to important points where news broke to allow them to have a firsthand account of what had been taking place.

Fair enough if these men in the write business or the TV people reported what they saw without the kind of bias that would have them slant the stories. Often, the situation was different.

To allow both local correspondent and foreign correspondents to get a fair share of what they might file about Myanmar's political, social, economic and other developments, the State Law and Order Restoration Council has reconstituted the Information Committee to help newsmen by providing easier access and has made arrangements to revive the Press briefings.

The Committee has been expanded, bringing in top- and middle-echelon leaders in Government, managing directors, directors general and others from all ministries who will pool resources, group subjectwise and hold regular briefings, with liaison and contacts helping out those who wish to attend.

It is the State Law and Order Restoration Council's bid to help those who would like the world to see the true side of the coin, not only the side Myanmar-bashers want others to see.

Our journalist friends will then be able to write more objectively, in accord with tenets.

Brunei, Malaysia & Singapore

Malaysia

Malaysia: Acceptance of Burma in ASEAN Ministers Meeting Viewed

BK2407094996 Kuala Lumpur UTUSAN MALAYSIA in Malay 24 Jul 96 p 6

[Editorial: "ASEAN's Courageous Step"]

[FBIS Translated Text] The decision made by ASEAN to officially accept Myanmar [Burma] as the regional group's new observer in the ASEAN Ministers Meeting [AMM] yesterday is seen as a bold step and should be hailed.

Earlier, several parties felt uneasy over Myanmar's participation in ASEAN, including the regional group's dialogue partners, particularly the United States and the European Union (EU), who strongly voiced their opposition by providing numerous reasons. According to them, ASEAN should give appropriate consideration to their reasons.

Among the reasons frequently mentioned by them was the question of Myanmar's bad record in terms of human rights and the government's disrespect for democracy.

The ASEAN member countries were also warned with regard to the threat to the ASEAN countries of the uncontrollable drug transactions in Myanmar should ASEAN accept Myanmar into its fold.

Unquestionably, the United States has always been the most vocal country in expressing its opposition to Myanmar's participation in ASEAN. It also wants the latter and other countries to impose sanctions against Myanmar should it fail to reform according to the U.S.' whims and fancies.

However, ASEAN was not influenced by the U.S. reasons and firmly stood its ground in accepting Myanmar's participation — first as an observer and then possibly within a year or two as a member.

Such a measure showed that ASEAN — which is already 29 years old — is a mature, formidable organization that can make its own decisions without fear or prejudice and can select its members and determine its struggles for the sake of the region's future.

Moreover, ASEAN considered its efforts toward Myanmar as constructive and the most conducive and appropriate approach in the endeavor to coax and encourage the country's leaders to reform their attitudes in connection with the democratic movements in that country.

Enmity, threats, compulsion or friction by its neighbors, including ASEAN, will not solve Myanmar's problems, which are basically its own domestic affair.

The measure undertaken by ASEAN is seen as the most viable and effective compared with the hurling of threats, because currently there are signs that Myanmar is softening its stand by promising to adhere to democratic ways in stages.

The country's representative personally gave the assurance at yesterday's AMM, in which he stated that his country was willing to accept all of ASEAN's conditions imposed upon it as part of the process of its acceptance into the regional organization.

It appears that Myanmar is awakening to the fact that it can no longer hold a closed-door policy and totally

discard the outside world. This is because such a policy will absolutely not benefit the country or its people.

Myanmar will be able to mingle with its neighbors again only after cautiously monitoring the rapid development and progressive economic growth that its other neighbors and ASEAN are currently savoring and also after taking on board ASEAN's sincere and honest attitude toward it.

Singapore

Singapore: Editorial Suggests Replacing EU as ASEAN Dialogue Partner

BK2407084196 Singapore THE STRAITS TIMES in English 24 Jul 96

[Editorial: "Asia Must Not be Waylaid Again" — received via Internet]

[FBIS Transcribed Text] Now that Myanmar [Burma] is an Asean observer, with the promise of full membership in two years, it is possible to look back with some amusement on the hype and the hysterics, and the postures struck by some Western spokesmen. Not for a moment is this to suggest that Asean should — or did — turn a blind eye to what Philippine Foreign Secretary Domingo Siazon rightly described as a common commitment to "participatory democracy and respect for human rights". But the controversy that was quite unnecessarily created might recommend the need for a review of relations with a European Union (EU) whose agenda on a number of issues may not synchronize with ASEAN's priorities. Dissent may be of the essence of debate; but there are situations, and this was one of them, when it can only distract attention and energy from more important matters at hand.

This summit and post-ministerial conference were path-breaking events. The inclusion of China and Russia as full dialogue partners recognized Asia-Pacific reality; extension of the same status to India indicated formal acknowledgment of the beginnings of a synergistic partnership. Myanmar's [Burma] eventual full membership, to be preceded by Laos and Cambodia, underscored the long-term vision of the ASEAN 10. Hardly could such a concept, of vital importance to millions of Asians, be allowed to be disrupted because the European Parliament had passed a resolution calling for sanctions against Myanmar. Strict adherence to the demand would have deprived even EU chairman Dick Spring of what he admitted was a "useful opportunity" for exchanging views with Myanmar Foreign Minister Ohn Gyaw.

Nothing, in fact, summed up the choice better than this episode. Either there is a dialogue, with its inherent

scope of influencing attitudes and actions, or there is a boycott, which amounts to disclaiming all responsibility for present and future conditions. The latter course is hardly advisable for neighbors with so much at stake. Even in terms of regional security, ASEAN is bound to be interested in any extraneous presence in a Myanmar whose long Bay of Bengal coastline and island possessions in the Andaman Sea give it a strategic advantage in relation to the Straits of Malacca, the vital lifeline between the Indian and Pacific oceans. Australian Foreign Minister Alexander Downer was one Western leader to appreciate this need not to allow politics to color reason.

If the EU failed to do so, it could be because it has no collective stake in the region. Nor, the Maastricht treaty notwithstanding, is it as yet a single entity that speaks in one voice on the issues of the day. Certainly, not all members shared the passion with which Portugal criticized Indonesia over East Timor at the Asia-Europe summit in Bangkok in March. Nor are all members as insistent on human rights as, say, Denmark. Disparities will increase as the EU expands to include countries like Hungary that have no Asian footprint at all. To compound matters, ASEAN diplomats complain of the EU bureaucracy, its insistence on at least three seats at ARF [ASEAN Regional Forum] forums — one each for the outgoing and incoming presidents who serve six-month terms, and one for the permanent commissioner — and obsession with protocol and procedure.

Hence, the suggestion that it might be practical to replace the EU, the ARF's only organizational member, with Britain and France with their permanent United Nations Security Council seats, and historical association with Asia. Obviously, this is something that will call for careful study before any decision can be taken. But with more and more countries outside the region keen to participate in discussions on security and political matters, individual membership for Britain and France, in addition to their EU participation, would mean duplication. A rational reassessment might have been necessary even without EU Vice-President Manuel Marin's ill-considered threat, so that ASEAN and the ARF can put controversy behind them, and get on with their legitimate tasks.

Singapore: Official: Plans for Hong Kong Depend on PRC's Future

BK2307135196 Singapore THE STRAITS TIMES
in English 23 Jul 96 p 14

[Report by Mary Kwang]

[FBIS Transcribed Text] Minister for Information and the Arts Brigadier-General (NS [National Service])

George Yeo said yesterday that Singapore's confidence in Hong Kong after the territory reverted to Chinese sovereignty next year was based fundamentally on what China would become in the years ahead.

"China is the big drama," he said in an interview with Singaporean journalists here. "The phenomenon of Hong Kong is part of the phenomenon of China."

He expressed confidence that China would succeed in its development process, although there might be some bumps on the road.

Discussing the local media he said that he gathered from his meetings with Chinese-language newspaper editors here that "they have mentally made adjustments for 1997, and many of them have already put 1997 behind them the way Hong Kong businessmen have done".

He said that the local English-language media would also adjust. The difficulty was the international media in Hong Kong which was accustomed to using the territory as a base to criticize China.

He noted that Mr. Lu Ping China's most senior official on Hong Kong affairs, had said recently that while they could continue to criticize Beijing from Hong Kong, there were limits to what they could do, such as advocating the dismemberment of China and independence for territories.

Turning to Singapore's bid to regulate the Internet, he reiterated that the aim was to promote its growth, rather than to impede it.

He described the Internet as a new frontier where "initially anything goes because there's no authority".

"Eventually, it'd be settled like any frontier. And settling it means law and order, protection of property, sanctity of contracts, a certain security of information and the payment of taxes.

"If you are able to collect taxes, if you are able to protect intellectual property rights on Internet, then you can also censor."

Cambodia

Cambodia: Daily Claims Hun Sen Rejected Invitation To Visit U.S.

BK2307133696 Phnom Penh ARIYEAKTHOR
in Cambodian 16-17 Jul 96 pp 1, 4

[FBIS Summary] In this 700-word report, the author, Professor Kruoch Pharit, asks why China invited a delegation of the Cambodian People's Party [CPP] led by Second Prime Minister Hun Sen for a visit. It adds that "a source has disclosed that a Chinese diplomatic

delegation arrived in Cambodia carrying the invitation for Samdech Hun Sen. The delegation also visited the Tuol Sleng prison and was horrified by it because the present China is a new China of the Deng Xiaoping era and not of the dictatorial Mao Zedong. At the same time, Taiwan also wanted to invite Samdech Hun Sen. Maybe because of this communist China had to invite Samdech Hun Sen first. However, this was not raised by political circles who instead ask why China invited Samdech Hun Sen in the king's absence."

The author adds that "in the past China was a firm backer of the Khmer Rouge genocidal clique. The CPP is a party that resolutely opposes the Khmer Rouge's return. China has been feeding the Cambodian king and FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] more than the CPP. So why is China now inviting Samdech Hun Sen?" The author also asks "Is there any mystery behind this visit?" and replies that "China has certainly noticed the strength of the CPP which exceeds that of FUNCINPEC by far. More importantly, it knows that the United States, namely Clinton, has invited Samdech Hun Sen for a visit this December. However, Samdech Hun Sen has rejected the invitation and would rather wait until after the U.S. presidential election. All this is drawing the attention of political circles and Western diplomats because it could shake mature political circles in Cambodia, particularly FUNCINPEC. Another group of analysts believes that China tricked the Cambodian king into leaving by saying that his illness has been 100 percent treated. However, H's Majesty King Norodom Sihanouk still insists that he has not fully recovered, and that he returned to Cambodia because he missed his subjects too much."

The author concludes that "the report on Samdech Hun Sen's 18 July visit to Beijing will certainly anger the king who at least will be disappointed with China which has nurtured him for more than two decades but in stead is now turning to receiving Samdech Hun Sen without the presence of the king's son, Prince Krompreah Ranariddh. Maybe the king is angry, and that is why he is silent and wants to return to avoid further suffering."

Cambodia: Paper Previews FUNCINPEC Move To Hold Congress in France

BK2307153196

[FBIS Report] Phnom Penh's ARIYEAKTHOR newspaper in Cambodian, known for its pro-Hun Sen views, in its 16-17 July issue, devotes three reports to the announcement that members of FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and

Cooperative Cambodia] in France will hold a party congress in Paris on 21 July "to elect Prince Norodom Sirivut as party leader."

The first report, a 510-word article by Marina, on pages 1 and 4, quotes unidentified analysts arguing that prince Sirivut is still "a people's representative" despite having been sentenced by a Phnom Penh tribunal for his part in the plot to kill Second Prime Minister Hun Sen. Analysts also point to an article in the constitution which stipulates that "to be prime minister a person has to be a people's representative in a constituency." They say that "King Norodom Sihanouk, even if he abdicated and took part in politics, cannot be prime minister because he did not stand in any constituency in the 1993 election."

The author argues that "if Prince Sirivut is elected party leader at the 21 July congress, FUNCINPEC will be split into two and that this will also take place in the National Assembly. If Prince Sirivut is FUNCINPEC leader, he would certainly have the support of the army, police, and politicians. If he returns to Cambodia and is arrested, this will mean that the FUNCINPEC party leader is arrested. Then, inevitably there would be armed confrontation. At this time Prince Ranariddh, who has been deposed by the congress, would become king to replace his father. Ranariddh has no way of opposing this."

The author adds that "some circles have said that things cannot happen this way. However, a group of politicians has countered: do not be so sure because those who are making the moves see the current political situation as suitable, and they will not wait until the 1998 election. If they do, FUNCINPEC will not be able to compete against the Cambodian People's Party [CPP] because of Samdech Hun Sen's strong influence in the rural areas. Prince Ranariddh cannot compete against Samdech Hun Sen. Thus, this requires a change of tactics, with Ranariddh pushed into becoming king, and with Prince Sirivut becoming prime minister with the king's support."

The author adds that "observers have rejected this analysis, saying that it cannot be right because the mandate of the current and legitimate co-prime ministers and National Assembly is five years. If this could be manipulated politically, then there would be a crisis of the prime ministership and the National Assembly. If Prince Ranariddh becomes king, there would be only one prime minister — Hun Sen, unlike after 93. In the National Assembly, FUNCINPEC representatives could also be divided into two or three factions and this would make it impossible to get a two-thirds majority."

The author concludes that "groups of politicians fully agree on this scenario and see this as a FUNCINPEC

strategy to move from confrontation to crises provocation before 1998. This political confrontation could also lead to armed confrontation with the police under Ho Sok and troops under Nhoek Bunchhai. Observers have noted that these forces have strengths more or less equal to the CPP forces."

In a second article, a 7400-word report on pages 1 and 4, the author Khun Pimoch also refers to the report on the planned FUNCINPEC congress in Paris and says "all circles want to hear the king's views because he is FUNCINPEC founder and convened the 17-18 December 1988 FUNCINPEC world congress in France. The congress' aim is to depose Ranariddh and elect Prince Sirivut to follow the king's initiative. How is it that the king has no opinion on it now? Many are wondering whether the planned congress is supported by the king. No one knows except Prince Norodom Sihanouk himself."

The author adds: "Whether the congress will be successful or not, various observers note that Sam Rangsi, who is in France, is very active in pushing for it to get his partner, Prince Sirivut, elected as FUNCINPEC leader. If Sirivut is elected, Sam Rangsi and his Khmer Nation Party would certainly join forces with FUNCINPEC. This could also result in splitting FUNCINPEC forces inside Cambodia as it pushes Prince Ranariddh to become king, leaving the Royal Government in a crisis. This is because then there will be only one prime minister, Samdech Hun Sen. Parliament will not be able to meet because of a lack of quorum caused by the FUNCINPEC split. If parliament is in a crisis, the government is also in a crisis. Everything will then be destroyed before the end of the mandate."

In the third report, a 460-word item on pages 1 and 4 by Prum Peou, the author says that "the coming extraordinary FUNCINPEC congress in Paris is the plan of many FUNCINPEC members living in France and that the ringleader of this is none other than the exiled Prince Norodom Sirivut." The author adds that "what various circles are wondering about is this: if Prince Sirivut is elected FUNCINPEC leader, will he be able to return to Cambodia since he has been sentenced to 10 years in prison?"

The author concludes that "for observers and politicians, the 21 July congress in France is FUNCINPEC's a new political trick to confront the CPP and to move inevitably from politics to armed conflict."

Cambodia: France-Based FUNCINPEC Leaders Elected 21 Jul

*BK2407101396 Phnom Penh REAKSMEI
KAMPUCHEA in Cambodian 24 Jul 96 pp 1, 2*

[Report by Seiha]

[FBIS Translated Text] A world congress of the FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] party concluded on 21 July following the issuance of a seven-point statement. The most impressive point in the statement was the announcement of the removal of confidence in Prince Krompreah Norodom Ranariddh, "who has betrayed the ideal of the party and violated his promises," and the election of three new FUNCINPEC leaders, excluding Prince Kromkhan Norodom Sirivut.

According to the FUNCINPEC congress' statement received by REAKSMEI KAMPUCHEA on the morning of 22 July, Mrs. Suos Pom has been elected party chairman, Sun Samphi party vice chairman, and Nem Se party secretary general. The statement has not given the resumes of the three; however, it is noted that they are all new names previously unknown to the people at home.

As Prince Kromkhan Norodom Sirivut, who had been asked to stand as a candidate for the party chairmanship, abstained from the race, FUNCINPEC party appears to be slowly regaining its impetus.

A statement issued by the France-based FUNCINPEC on 15 July disclosed that Prince Kromkhan Norodom Sirivut had not been approached to preside over the congress and that the prince wanted to have only one FUNCINPEC party. The statement also denounced two persons, namely Yu Saroeun and Nem Se, for plotting to organize the congress. The latter was elected FUNCINPEC secretary general at the FUNCINPEC world congress. The statement did not, however, provide the true identities of Yu Saroeun and Nem Se.

It was said that Sam Rangsi had been involved in the aforementioned activity, but FUNCINPEC cannot confirm this.

Analysts believe that the problem cannot simply end like this and that conflicts will certainly bring about more new problems.

**Cambodia: Analysts Doubt Government Can
'Neutralise' Armed Forces**

BK2407084496 Phnom Penh THE CAMBODIA
TIMES in English 30 Jun-6 Jul 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] PHNOM PENH — The Royal Government's move to politically neutralise the armed forces and the police has been hailed by various quarters, but military analysts have expressed doubt that the plans will materialise.

"This is definitely a step in the right direction, but I doubt the objective (of ensuring a neutral military and police force) can be achieved," a foreign military analyst here said.

"The military has been politically factionalised since the days of the State of Cambodia regime, and it would be naive to think that they will forget their political affiliations in the blink of an eye," he added.

After the UN-sponsored national elections and the formation of the current coalition government in 1993, the Cambodian People's Party's (CPP) forces merged with the FUNCINPEC's [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] National Army of Independent Kampuchea and the Khmer People's National Liberation Front (KPNLF) forces to form the Royal Cambodian Armed Forces.

In the elections, the royalist FUNCINPEC won 58 seats while the CPP won 51 of the 120 seats in the National Assembly. The KPNLF, renamed Buddhist Liberal Democratic Party, won 10 seats and the MOLINAKA [Cambodian National Liberation Movement] one seat.

A western military analyst pointed out that it is "almost impossible" to politically neutralise the military and the police as the Cambodian system of government is rooted in factionalism.

"Here is the only system in the world with two prime ministers, two defense ministers, two interior ministers, and so on. Each party needs its people in the armed forces to maintain its strength," he said.

Another analyst said that, like Thailand and Indonesia, the Cambodian military has a history of involvement in politics.

"If the politicians do not court the army, then we'll have a situation like in Thailand, where coups become common.

"Neutralising the armed forces is very difficult here because the military in Cambodia is very powerful. Unless there is a strong leadership (in the kingdom),

any move to neutralise the military will be asking for trouble," another military analyst said.

**Cambodia: New Laws To Ban Police Personnel
From Politics**

BK2407051896 Phnom Penh THE CAMBODIA
TIMES in English 30 Jun-6 Jul 96

[Report by Mehran Chinniah — received via Internet]

[FBIS Transcribed Text] PHNOM PENH—The Cambodian police, too, will be barred from active involvement in politics, and this will be provided for under two new legislations.

Two weeks ago, the Council of Ministers gave its approval to the draft of a new law that will bar all personnel of the armed forces from being actively involved in politics, and Co-Minister of Interior Yu Hokkri said the ambit of the law is wide enough to also include the police force.

In addition, a provision to ensure that police personnel are politically neutral will also be included in the Electoral Law which is being drafted now.

The new rulings are aside from an existing statute that disallows government employees and police personnel from being politically active.

On the inclusion of the police under the law, Yu Hokkri interprets the words "armed" in the draft to include the police personnel.

"The word 'armed' is wide enough to also cover the police, as they also carry arms, so police personnel must also be politically neutral," he said.

"The police, like the military, have to stay (politically) neutral. Neutralising the police and the military is essential for free and fair elections," Yu Hokkri told the Cambodia Times.

The new legislation, which contains 50 articles, was drafted by the Ministry of National Defence and approved by the Council of Ministers on June 19.

It is expected to be sent to the National Assembly for debate soon, as the kingdom prepares for the next national elections scheduled for 1998.

Ministry officials clarified last week that the new law does not prevent armed forces personnel from joining political parties or showing support for such parties.

They said, however, armed forces personnel will have to relinquish their posts and quit the military if they wish to stand for election to the National Assembly or seek top party positions.

The new legislation, when passed and enforced, will force several top military and police officers to choose between their careers in the armed forces or politics.

Top military and police officers now are also members and top officials of the various political parties in the kingdom, and some have been elected members of parliament and appointed to top government positions.

Among the military personnel who also hold political positions are Co-Ministers of defense Tea Chamrat and Tie Banh, both lieutenant-generals.

Although not a member of the National Assembly, Tea Chamrat is in the steering committee of the royalist FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia], a major partner of the ruling coalition government.

Tie Banh is a member of the Cambodia People's Party (CPP) steering committee, the second largest party in the government. He is also a member of parliament for Siem Reap.

Other senior politicians who are also officers in the Royal Cambodian Armed Forces (RCAF) include Lt-Gen Chay Sangyun, a member of parliament of the CPP and Co-Secretary of State in the Defense Ministry.

The RCAF Chief of Staff Lt-Gen. Ke Kimyan is a member of the CPP while his deputy Lt-Gen Nhoek Bunchhai is a FUNCINPEC steering committee member.

All the 75 police generals in the kingdom are active members of either the FUNCINPEC, the CPP or the Buddhist Liberal Democratic Party, according to Interior Ministry sources.

The kingdom's top politicians who are also generals in the police force include the Co-Ministers of Interior Yu Hokkri and Sar Kheng.

Yu Hokkri is a FUNCINPEC member and MP for Battambang.

The four secretaries of state in the ministry are also police generals. They are: CPP member of parliament for the Phnom Penh constituency Im Chhunlim, CPP member Em Sam-an, deputy general secretary of FUNCINPEC Ho Sok and FUNCINPEC member and MP for Siem Reap Kieng Vang.

The General Director of the National Police, Gen Hok Langdi, is a CPP member. Two of his deputies Gen. King Samnang and Gen. Yang Maradi are FUNCINPEC members and the third, Gen. Teng Savong, is a CPP man.

The decision of the Royal Government to approve the proposed legislation came just over a week after First

Prime Minister Prince Norodom Ranariddh called on the RCAF to remain neutral and not to indulge in the interests of any group or political party.

The prince made the comment when he attended the opening ceremony of a three-day meeting to review military activities on June 11.

Yu Hokkri said it was imperative that the police and the military be neutralised to ensure that the next elections are free and fair.

"If the military or the police are not neutral, we can expect big problems in the elections," he said.

Even if the National Assembly fails to interpret the new legislation to include the police from active involvement in politics, they will be adequately covered under an article to be included in the Electoral Law, Yu Hokkri said.

The Electoral Law is being drafted by a technical committee of the Interior Ministry, and is expected to be sent to the Council of Ministers for approval and subsequently to the National Assembly for debate by the end of the year.

The new legislation follows a failed attempt at neutralising the civil service and police force under a statute passed two years ago.

The statute has never been strictly enforced, and civil servants and police personnel continue to be actively involved in politics while holding on to their current positions in the service.

The RCAF now has 130,000 active personnel. Statistics from the Ministry of Defense show that there are 23 lieutenant-generals, 49 major-generals, 105 brigadier-generals, 301 colonels, 642 majors and 1,908 captains.

The National Police now has a total of 67,000 active personnel, out of which 75 are police generals.

Cambodia: Minister Says Army To Launch New Offensive Against Pailin

BK2207033296 Phnom Penh CHAKKRAVAL in Cambodian 18 Jul 96 pp 1, 3

[Report by Muni]

[FBIS Translated Text] The army in the Pailin area has fortified its forces in preparation for another offensive against the gem-rich region still under Khmer Rouge control.

Co-Defense Minister His Excellency [H.E.] Tie Banh said that this was a step to deprive the rebels of their hideout, although the Khmer Royal Armed Forces had failed in its attack against this rebel zone during

the dry season because of an internal problem in the Army between the pro-Cambodian People Party faction and the pro-FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] faction. H.E. Tie Banh refused, however, to say when the offensive against the Khmer Rouge-controlled Pailin region would be launched.

According to Colonel Hen Hean, commander of Battambang Province's military forces, army police officers are being dispatched from Phnom Penh to areas close to Pailin to restore order and discipline among army troops. Royal Government forces are now positioned at three major points near Pailin, namely Pang Roloem, Phnum Kon Damrei, and Phnum Veng, which are located no more than 17 km from Pailin.

It would be another great victory for the Royal Government if Pailin were captured, something like unearthing a treasure, following the success in Japan, where donor countries had decided to give us \$500 million in aid. The Royal Government must first, however, strengthen the discipline of both commanders and the rank and file in order to prevent the bad experiences of 1994 from reoccurring.

Indonesia

Indonesia: Envoy Voices Official Support for Butrus-Ghali Nomination

BK2407095296 Jakarta KOMPAS in Indonesian
24 Jul 96

[Unattributed report — received via Internet]

[FBIS Translated Text] Jakarta, KOMPAS — The Indonesian Government supports the nomination of Butrus Butrus-Ghali as the UN secretary general for the 1997-2001 term. Indonesia's official stand was stated by Nugroho Wisnumurti, Indonesian permanent representative to the United Nations, in Jakarta on Tuesday (23 July) afternoon.

Nugroho said Indonesia has two reasons for supporting Ghali. First, Butrus Ghali has shown concrete efforts to reform the United Nations and make the world organization more efficient. "Therefore, it is not correct to say that he has done nothing in this respect," Nugroho said. Second, it is normal to allow a UN secretary general to do his job for two terms or about 10 years. "We see no reason why the current UN secretary general should be replaced," he said.

Two countries, the United States and Malaysia, have openly voiced their opposition to Butrus-Ghali's nomination for another term. President Clinton said the world needs another person more capable than Ghali for the UN reform. Prime Minister Mahathir Mohamed believes

Ghali has failed to do his job with the United Nations, doing nothing to stop the Bosnian ethnic cleansing by the Serbs.

Indonesia's support is seen as crucial because Indonesia is now one of the nonpermanent members of the UN Security Council. Indonesia will also chair the UN Security Council meeting in November, coinciding with the election process of the UN secretary general. Along with Makarim Wibisono (Indonesian ambassador to the UN Security Council), Nugroho also serves as coordinator of the Nonaligned Movement [NAM] caucus in New York, which consists of more than 100 NAM members.

Three of the permanent members of the UN Security Council that have expressed their support for Butrus-Ghali's nomination are the PRC, France, and Russia. The United States has threatened to use its veto to scuttle the nomination.

Indonesia: Editorial Views Significance of ASEAN Regional Forum

BK2407111396 Jakarta MEDIA INDONESIA
in Indonesian 24 Jul 96

[Editorial: "We Must Safeguard ARF Relevance" — received via Internet]

[FBIS Translated Text] The ASEAN Regional Forum [ARF] ended yesterday after delegates from 20 countries and one regional organization (EU) met and held talks with a view to creating a more peaceful and productive Pacific region. This is an endeavor worth supporting because we all want peace.

We are happy that the forum proceeded smoothly, despite differences of opinion among the delegates. An example can be seen in the PRC's latest efforts to use its new archipelago boundary concept in the South China Sea, resulting to a conflict with the territorial boundary of several ASEAN countries. Another example is the disagreement between ASEAN and the United States, EU, and Australia on how to deal with Myanmar [Burma]. While ASEAN wants to adopt the Treaty of Amity and Cooperation, the United States, EU, and Australia want to use the ARF as a vehicle to press Myanmar to improve its human rights records. ASEAN and EU also disagree on the East Timor issue.

ARF's strength lies in the fact that these differences have been discussed in a straightforward and frank manner, but its weakness, as some international relations experts have said, lies in the fact that the forum will be an arena for mere talk, no concrete follow-up action.

We believe we must listen to what the critics have to say, but must not be pessimistic about it. Several bold

actions need to be taken to ensure the realization of ARF objectives of initiating confidence building measures, preventive diplomacy, and conflict resolution.

The ARF once took a bold action by proposing that fellow member countries exchange their Defense White Paper. If this proposal is achieved, the next step will be an exchange of military cadets at the Army Staff and Command College. If possible, the current regional defense program involving senior ASEAN officers may be expanded to include officers of all ARF countries.

If these actions are considered premature, other options could be taken at the initial stage. The agreement to hold search-and-rescue operations is an ideal option. This will be followed by joint exercises and operations for UN peacekeeping mission.

The momentum of these positive actions must be maintained in such a way that all the activities are still manageable. This means that the ARF regulations must be tightened by restricting membership only to those countries directly related to the Asia-Pacific. The topics of discussion must also be restricted to those related to this region.

If we adhere strictly to these criteria, several minor issues will be solved. An example is the disagreement between ASEAN and EU on the East Timor issue, because the European regional organization is actually being used by Portugal to further its own interests. EU's membership in ARF is actually not relevant as it has no direct security interest in the Asia-Pacific. We would prefer to see Britain and France — both permanent members of the UN Security Council — accepted as ARF members over the EU, not only because it would benefit Indonesia, but also because the two countries play by the rules.

Philippines

Philippines: Burmese Officials Seek Advice on Shift to Democracy

BK2407085296 Manila MANILA STANDARD
in English 18 Jul 96 p 4

[Unattributed report]

[FBIS Transcribed Text] Burmese officials have asked Manila for advice on how the Philippines was able to shift from dictatorship to democracy, President Ramos said yesterday.

"We have ... received their highest officials ... and on their query tried to tell them how we transitioned from a dictatorship to democracy ... with full political freedoms," Ramos said at his weekly press conference.

"We gave them all kinds of materials to help them," Ramos said. He did not name the officials.

Foreign diplomats have credited Filipinos with setting an example to the world on restoring democracy when they ousted the late dictator Ferdinand Marcos in a "people power revolt" in 1986.

About 300 soldiers launched the revolt but won the support of hundreds of thousands of civilians. Roman Catholic church leaders also backed the uprising.

Ramos said countries geographically near Burma could initiate efforts to promote settlement between Burma's military rulers and dissidents headed by opposition leader Aung San Suu Kyi.

"Those closer to the problem ... can provide the lead action and we will be happy to support," Ramos said, naming Thailand in particular.

Manila Denies Interfering in Communist Chief Asylum Bid

BK2407123496 Quezon City GMA-7 Radio-Television
Arts Network in Tagalog 0930 GMT 24 Jul 96

[FBIS Translated Text] Press Secretary Hector Villanueva today clarified that the government has nothing to do with the Dutch Government's decision to expel exiled communist leader Jose Maria Sison.

Villanueva said the allegation that the government interfered in Sison's application for political asylum is untrue. He added that President Ramos, in fact, proposed to Sison that he return to the Philippines for the sake of peace.

Philippines: Ramos 'Wholeheartedly' To Accept Exiled Communist Chief

BK2407084396 Quezon City GMA-7 Radio-Television
Arts Network in Tagalog 2230 GMT 23 Jul 96

[FBIS Translated Text] President Ramos has announced that he will accept exiled Communist Party Chairman Jose Maria [Joma] Sison wholeheartedly, whenever he decides to come back to the country. For the sake of peace, the president has said that he is ready to accept the return of the CPP [Communist Party of the Philippines]-NPA [New People's Army]-NDF [National Democratic Front] leader to the mainstream. According to the president, it would greatly boost the peace talks if Sison would come home. The government has assured Sison of protection.

[Begin Press Secretary Hector Villanueva recording, in English] The Philippine Government will guarantee the safety of [Moro National Liberation Front] Chairman Nur Misuari. I suppose we will do the same thing

with Joma, being the chief negotiator of the NDF. [end recording]

On the other hand, the Department of Justice has admitted that Jose Maria Sison would possibly be arrested due to his involvement with common crimes. The department has added that the safety and immunity agreement covers only political crimes and not common crimes.

Meanwhile, exiled Communist Party Chairman Jose Maria Sison will appeal the Dutch Government's decision to expel him from the Netherlands. In a telephone interview, Sison said that he has strong reason to be given asylum by the Dutch Government.

[Begin Sison recording] As a matter of fact, according to my lawyer, a new category has been invented—refugee in orbit, refugee without a country to settle in [preceding two phrases in English]. Thus, the Justice Ministry's line of argument is very weak, and we are sure that we will continue to win in court. [end recording]

Sison has warned of the collapse of the peace talks with the government if he is not granted an extension to stay in the Netherlands.

Philippines: Communist Leader's Immunity From Arrest Assured

BK2407111696 *Quezon City GMA-7 Radio-Television Arts Network in Tagalog 0930 GMT 24 Jul 96*

[FBIS Translated Text] The government will reportedly welcome back Jose Maria Sison, alias Joma, leader of the National Democratic Front, with open arms if he wants to come home. The question is: Will he be arrested? Are there any cases awaiting Sison if he decides to return home? Let us here the answers to these questions from Maki Pulido's report. Maki, come in:

[Begin recording] [Pulido] In order to expedite the peace talks, Jose Maria Sison, leader of the Communist Party of the Philippines-New People's Army [CPP-NPA], should be persuaded to return to the Philippines.

This was the reaction of the government group that is holding talks with the communist rebels following the issuance of a decision that Sison cannot remain in the Netherlands.

Rene Sarmiento, a member of the government peace panel, promised that if Sison returns to the country, he will not be arrested by government authorities.

[Sarmiento, in English] I think we can assure Joma that if he comes home, he will be covered by the JASIG — the Joint Agreement on Safety and Immunity Guarantees. So he will be immune from arrest. Therefore, we can assure Joma, and this is in behalf of the GRP [Gov-

ernment of the Republic of the Philippines] panel, that he will be given home immunity and safety guarantees without fear of arrest from the government.

[Pulido] According to Sarmiento, if the agreed safety and immunity guarantees are implemented, Sison will also be given the freedom to roam around the country to talk with other CPP-NPA members.

[Sarmiento, in English] So since I'm not aware of any common crime charge against Joma, so I don't think he will be arrested. So he can well invoke the JASIG and continue with his activities freely — consulting with people in the (?country).

[Pulido] Sarmiento explained that a temporary cessation of hostilities is not needed in order for Sison to return to the country. However, Sarmiento cannot promise that Sison will be allowed to have an armed security group.

The peace panel believes the negotiations will end next year. [end recording]

Thailand

Thailand: Moves To Deal With U.S. Shrimp Import Ban Noted

BK2407092496 *Bangkok MATICHON in Thai 22 Jul 96 p 17*

[Unattributed report]

[FBIS Translated Text] According to a report from the Commerce Ministry, last week Business Economics Department Director Kroekkrai Chiraphaet and Somphon Kiatphaibun, permanent secretary of the Commerce Ministry, discussed the U.S. ban on the import of sea shrimp caught in Thailand. The Thai permanent representative to the WTO had discussed this issue with India and Pakistan and both countries appeared interested in joining Thailand in its complaint to the WTO about the U.S. import ban.

According to the report, the Business Economics Department felt that the Foreign ministry should ask the Thai ambassadors in India and Pakistan to persuade those countries to agree to join Thailand to file a complaint against the United States. The joint complaint would increase pressure against the United States. The department also felt that political measures should be used in addition to legal action.

There are two choices in dealing with the U.S. import ban — seeking a negotiation with the United States in accordance with article 22 of the GATT and lodging a complaint. The Thai mission at the WTO reported that the EU and Australia have expressed interest in joining the negotiations with the United States. Because

shrimp exports by the EU and Australia are minimal, the United States will be the party to decide whether they can join the negotiation. The other ASEAN countries and Hong Kong have claimed that they were not the parties affected directly by the U.S. ban and therefore could not join as co-complainants.

The report noted that a Thai request for negotiations will be submitted to the United States on 19 July and the United States will make a reply on 29 July. As a result, negotiations could be held on 19 August. However, the negotiations could be postponed until September, when Thailand could then find other countries to join its complaint.

Thailand: Shrimp Exporters To Fight EU's 'Technical' Barrier

*BK2407061096 Bangkok BANGKOK POST
in English 24 Jul 96 p 17*

[Unattributed report]

[FBIS Transcribed Text] Thailand will join hands with other shrimp-exporting countries to oppose a move by the European Union [EU] to apply a new technical barrier against imports of Thai products.

The EU has announced that as of September 29, exporters must lower the percentage of benzoic acid used to preserve frozen boiled shrimps from the current level of 0.6% to only 0.2%.

However, shrimp exporters operating out of the North Sea and Mediterranean countries will be allowed to maintain a benzoic acid concentration of 0.6% for their shrimp products.

The ruling would directly affect Thai frozen boiled shrimp exports worth 550 million baht per year.

It could also indirectly extend to the export of frozen fresh shrimp used as raw material in the production of finished products. Exports of frozen shrimp to the EU are worth five billion baht annually.

A Commerce Ministry source said the EU had earlier asked boiled shrimp exporters to submit scientific documents supporting the use of 0.6% benzoic acid.

However, it then did an about-face, with the European Commission insisting that the regulation was justified and could not be considered protectionist. The source said the EU was no longer willing to accept scientific documents from exporters.

Thailand and other shrimp exporting nations such as India, Bangladesh and Sri Lanka have called the new regulation a non-tariff barrier and have banded together to try to force the EU to amend it before September 29.

The source said Thailand could support its call for an amendment to the regulation with a comparison of standards maintained by other countries that also use benzoic acid.

Shrimp exporters have also urged the Foreign Trade Department to cooperate with them to study the impact the regulation would have on Thailand's shrimp exports.

Thailand: Japan's Reaction to ASEAN Mekong Initiative Viewed

*BK2407090496 Bangkok BANGKOK POST
in English 24 Jul 96 p 6*

[Report from Jakarta by Nutsara Sawatsawang]

[FBIS Transcribed Text] Japan is adopting a wait-and-see approach to ASEAN's initiative to develop Mekong riparian states, describing the plan as a "basic approach".

Despite showing-interest in the project and expressing its intention to work closely with ASEAN, Japan said it needed more information on the grouping's plan for the development of Mekong nations before it could decide how to join the scheme, said Ken Shimanouchi, the Japanese Foreign Ministry's spokesman.

"We will be watching with great interest to see how this initiative develops," he said.

Japan is very active in the development of the Mekong river basin bilaterally and multilaterally, including its own initiative forum known as the Forum for the Comprehensive Development in Indochina (FCDI).

The FCDI focuses on Official Development Assistance and carries out other development programmed

It joins donor countries, international organisations and the private sector in assisting the Mekong riparian states of Cambodia, Laos and Vietnam.

ASEAN agreed in Kuala Lumpur in June to form an 11-member core group with Mekong nations to mobilise funds for project development in Mekong riparian states, targeting Burma, Laos and Cambodia.

The projects include human resources development, agriculture and forestry, and transportation.

ASEAN has pledged that its projects will not duplicate existing schemes that some ASEAN member states are also involved with.

"With this basic approach, we'll be following and we have to see the specific [approach] of ASEAN's initiatives as they emerge," said Mr. Shimanouchi.

"Even where there may be some overlap, we think it's possible for Japan and ASEAN to work closely together on the development of the Mekong river basin," he said.

On behalf of ASEAN members, Foreign Minister Amnuai Wirawan is scheduled to meet his Japanese counterpart Yukihiko Ikeda today at with dialogue partners.

ASEAN's Mekong development scheme is expected to be one of the issues discussed.

Mr. Shimanouchi said Japan will continue the FCDI, which was initiated last year.

In September, two follow-up meetings will be held—one on improvement of infrastructure and the other on human resources development.

Japan and the Asian Development Bank (ADB) will sponsor the former, while France and the United Nations Development Programme (UNDP) will sponsor the training programme.

China suggested a "sound financial" policy and comprehensive plan as key factors for the development of the Mekong river basin.

The issue was raised at a meeting between Foreign Minister Qian Qichen and Mr. Amnuai on Monday.

The message was sent to Thailand, which chairs an expert group set up at a joint meeting of ASEAN and Mekong nations last month to look for a suitable model in financing development cooperation.

"We need financial policy that is practical and reasonable," Thai Foreign Ministry spokesman Suraphong Chaianam quoted Mr. Qian as saying.

Financial resources play a crucial role in the infrastructure development of the Mekong river basin, where investors may not want to take risks where there is political and economic instability in the Mekong riparian states.

Mr. Amnuai told his Chinese counterpart that the three countries' low economic level prevented them from asking for soft loans from international financial institutions like the Asian Development Bank.

The amount of the soft loans and the ability to repay them are the main factors for consideration, said Mr. Suraphong quoting Mr. Amnuai.

Thailand: Editorial Criticizes Government Over Regional Projects

BK2407101696 Bangkok *THAN SETTHAKIT* in Thai 22-24 Jul 96 p 16

[Editorial: "We Are Moving Backward"]

[FBIS Translated Text] *THAN SETTHAKIT* has examined the progress of the projects concerning economic, trade, and investment cooperation between Thailand and neighboring countries — such as the so-called

quadrangle economic cooperation project with China, Burma, and Laos and the economic triangle project with Malaysia and Indonesia — and found that no discernible progress has been made in any of these projects. The lack of progress is attributed mainly to absence of determined efforts on the part of the government.

The quadrangle economic cooperation project's goal is to link northern Thailand with potential areas of China, Burma, and Laos by a highway network in order to promote trade and investment. The project will turn northern Thailand into an economic zone of equal importance to the eastern seaboard development project. China, Burma, and Laos will gain from the quadrangle project as well, because they could use Thailand as a gateway to other parts of the world.

The regional cooperation projects linking Thailand with neighboring countries received an earnest push during the government of General Chatchai Chunchawan, whose vision was to transform the region dotted with battlefields into a region of trade. The successive Thai Governments that followed Gen. Chatchai continued to attach importance to these projects; however, in complete contrast with the previous governments, it is worth noting that under the current administration, no one can tell which minister is in charge of these projects.

The cooperation projects with neighboring countries are a big initiative given the obstacles arising from the region's history of ideological conflicts and domestic problems within each country. For this reason, the government's determined efforts and its recognition of the importance of the projects are essential. It would be ignorant and irresponsible for the government to feel that it does not have to monitor the projects closely, because it already assigned that task to the agencies concerned.

The cooperation projects with the neighboring countries require vision on the part of the government. As the yield of these projects will not be visible for some time, the government that attaches importance to such projects has to work without receiving wide recognition, but working without recognition is not in character with the current administration. When it came to helping out colleagues who are going bankrupt by the expressway project, the current administration did not hesitate to come gleefully to their rescue. Such is why the projects that are important to the country have not made discernible progress. Compared with neighboring countries, such as Malaysia and Singapore, which are intelligently engaging in national development their countries, Thailand is not only standing still, it is moving backward.

Vietnam

SRV: 'Historic Significance' of U.S. Lake's Visit Viewed

BK2407112296 Hanoi Voice of Vietnam in English
1000 GMT 24 Jul 96

[Station Commentary]

[FBIS Transcribed Text] After concluding his Vietnam visit last week, U.S. National Security Adviser Anthony Lake expressed satisfaction at Vietnam's cooperation with the U.S. on the MIA [missing in action] issue. The visit recalls a lot of memory of the period when he was a diplomat in Vietnam. He said he had a deep attachment to Vietnam: It was where his son was born and grew up, where his daughter two years ago came to learn Vietnamese, and where she was in charge of a project in a remote area. That is why he was an American who always closely followed the progress in Vietnam-U.S. relations. When beginning his talks with Vietnamese Foreign Minister Nguyen Manh Cam, Mr. Anthony Lake said he had only one photo on his work desk, that was when he was signing a draft decision on normalization of relations with Vietnam.

His visit took place after the conclusion of the eighth national congress of the Communist party of Vietnam, and one year after the normalization of diplomatic relations between the two countries. The visit has a historic significance, as the U.S. message was aimed at promoting relations between the two countries including the call for an early meeting of specialists to discuss a draft commercial agreement between the two countries. The two sides will discuss uniform procedures to solve the refugee problem, repatriation program, the Asia-American children issue, and orderly departure, and re-establishment of other relations such as appointing a Vietnamese military charge d'affaires to the U.S.

After holding talks with Vietnam Party Leader Do Muoi, Mr. Lake said his country wants to see a powerful and stable Vietnam integrating to the region and the world. The U.S. also wants to promote relations with Vietnam in the interests of a long-term strategy. This will not only proceed from the aspirations from anyone who has seen the sufferings of war, but also from the need to heal the war wounds. One of the other important messages put forward by Mr. Anthony Lake during his visit to Vietnam was that the U.S. welcomes Vietnam joining ASEAN, and its positive role in the ASEAN Regional Forum. The U.S. also supports Vietnam's application for the membership of Asia Pacific Economic Cooperation Forum, and the World Trade Organization. Vietnam's admission to these organizations is a contribution to peace and stability in the region.

SRV: Agreement on Textiles, Garments Signed With EU

BK2407081596 Hanoi VNA in English
0656 GMT 24 Jul 96

[FBIS Transcribed Text] Hanoi VNA July 24 — Vietnam and the European Union (EU) have finalized the treaty on the export of Vietnamese textile and garment products to the EU which should give Vietnam a USD 400 million turnover this year.

The formal signing was made in Brussels last week, more than three years after Vietnam and the EU initialled the treaty late in 1992.

Vietnam's trade value in the export of textile and garment products to the EU rocketed sharply from a mere USD 250 million in 1993 to USD 350 million two years later.

Trade Minister Le Van Triet formally signed the treaty last week with Enda Kenny, trade minister of Ireland who currently presides over the EU, and Leon Brittan, EU vice president in charge of trade.

The signing of the textile treaty was part of the talks agenda triet had in Brussels.

Vietnam's trade minister discussed with appropriate senior EU officials about the expansion of bilateral cooperation in the textile and garment industries. They agreed that supplements to the treaty would be made as soon as new developments occur so that Vietnam's products would continue to receive priority.

The Vietnamese trade minister also had talks with Belgian Deputy Prime Minister Philippe Maystadt who will lead a big trade delegation to Vietnam in December to have first-hand information on the Vietnam market.

Belgium will co-operate with Vietnam to develop the latter's energy resources, infrastructure and food processing industry.

SRV: Half-Year Foreign Investment Reviewed

BK2407105896 Hanoi Voice of Vietnam Network
in Vietnamese 2300 GMT 16 Jul 96

["Essay" by Tran Song Thao: "Foreign Investment in Vietnam — An Encouraging Shift in Direction"]

[FBIS Translated Text] Foreign investment in Vietnam has made great strides since 1990. The pace at which investment capital is attracted has increased 50-60 percent per year.

In the first six months of 1996, foreign investment activities continued to maintain their pace. Of the 180 projects registered, 160 projects capitalized at \$2.8

billion dong have been licensed by the Ministry of Planning and Investment. In addition, the Ministry of Planning and Investment has also allowed the adding of a total of \$270 million to 70 projects carried over from the preceding years. Thus, together with this capital increase, foreign investment in Vietnam has, over the past 3 months, totalled over \$3 billion.

Worthy of note is that, thanks to the various appropriate promotion policies of our government, foreign investment activities have shown a shift in direction toward various production sectors as well as toward the building of the infrastructure and new industrial zones. Not only have investment projects been directed at large cities, but they have also been shifted to various central Vietnamese provinces such as Nghe An, Khanh Hoa, and Quang Nam- Danang. Thanks to a shift in investment toward various production sectors, most of the projects licensed during the reporting period recorded a higher level of capital than that of last year. Average investment capital in each project increased from \$12.5 million in the 1990-95 period to \$18 million in the reporting period.

Projects with large investment capital are the \$265-million joint venture project for the construction of the Phuc Son cement factory in Hai Hung, the \$190-million Ha Tay beer brewery project, the \$150-million Sai Dong-B industrial project in Hanoi, and the \$104-million Honda motorbike manufacturing and assembly plant. Fifteen other projects invested in various domains of development—such as in the regional communications development network, in the production of sugar, and the construction of industrial complexes and infrastructure in Ninh Binh, Nghe An, Song Be, Quang Ninh, and so forth—have each reported an investment capital of over \$50 million.

In Ho Chi Minh city and Hanoi—localities with the highest number of investment projects and capital—alone, the investment index has fallen compared to the same period last year. But there have been requests for an increase in capital contributions to many already-licensed projects. This shows that localities have ended the practice of calling for massive capital investment. Instead, they have taken the initiative in making pre-calculations for various investment projects in accordance with their plans and designs. With this self-motivating spirit, Ho Chi Minh city has increased the average investment capital of each project to \$21 million, an increase of \$4 million over that in the same period last year. It has also increased the proportion of investment capital for various production sectors to 70 percent of the total capital initially registered.

It should be further noted that due to greater attention being paid to and the growing improvements in the investment environment, many leading corporations and giant conglomerates of Japan, South Korea, Western Europe, and the United States have proceeded from standing outside to explore and survey the situation to actually coming to Vietnam to invest. They now have many important and long-term investment programs in Vietnam. Large-scale industrial projects in Haiphong, Ha Tay, Hai Hung, and Song Be in which such conglomerates as Daewoo and Samsung of South Korea, Heineken of the Netherlands, BP of England, Toyota and Honda of Japan, and Peugeot of France have invested clearly demonstrate the increased investment by giant conglomerates in Vietnam.

Thus, after more than 8 years of implementation of the foreign investment law, the country as a whole has had 1,180 projects licensed with a total registered investment capital amounting to over \$22 billion, of which more than 30 percent has been practically put into use. Foreign partners belonging to 54 countries and territories now have investment projects in Vietnam. Of them, the five countries and territories with the largest amounts of investment capital are Taiwan, Japan, Hong Kong, Singapore, and South Korea. With these projects, foreign investment has contributed to the process of shifting the economic structure along the direction of increasing the number of various industrial sectors and creating more new production capacity. In particular, with the contribution of foreign capital and technologies, a number of important economic sectors such as information, telecommunications, oil and gas exploration and exploitation, the cement industry, iron, steel, electronics, car and motorbike assembly, and so forth have shown remarkable development.

It is important that given the investment cooperation with foreign countries, many state-run enterprises overcome their inefficiency in business operations. They are now capable of turning out high-quality products to meet consumer demand at home and abroad.

Along with a contribution of nearly \$1 billion to the state budget through various kinds of taxes, sectors with foreign capital investment have contributed to resolving the employment situation for the laboring people. By the end of June this year, more than 140,000 workers in the entire country were directly employed in these sectors. Meanwhile, the number of workers indirectly employed in related service sectors has also reached the hundreds of thousands.

It can be said that the change in the investment structure in the direction of increasing the proportion of investment capital in various production sectors is opening up

for us a new market that is contributing to effecting a change in our economic structure and is promoting national industrialization and modernization. But what is most essential and important is that the target for capital investment must continue to be ever-increasing. This depends on the foreign investors and on a favorable investment environment. As a host, the state has gradually improved the investment environment covering the system of laws, tax policies, and infrastructure-related conditions. But in practice, the procedures for licensing and the issue of land allocation and the clearing of floor space for certain projects have not been carried out uniformly by various localities and sectors concerned, thus creating inconveniences for foreign investors and entailing delays in various investment projects.

To overcome this situation and to continue attracting more foreign investment capital in the period ahead, the Ministry of Planning and Investment is submitting to the government its economic strategy for investment cooperation with foreign countries with the purpose of increasing the effective use of foreign capital invested in Vietnam.

At a press conference held on the occasion of the Eighth National Party Congress, Mr. Do Quoc Sam, minister of planning and investment, said: The state is drawing up a policy program to attract between \$13-14 billion within the next 5 years, by means of which the state will create favorable conditions for foreign investors in two areas—the investment environment and the efficiency of capital use. The National Assembly will soon consider passing the amended and revised foreign investment law. At the same time, along with continuing to improve various conditions concerning the infrastructure and introducing appropriate tax policies, the state will further intensify its planning for investment in and development of various sectors and areas and for the development of various industrial complexes and residential areas. The state will clearly draw up a list of priority investment projects so as to direct foreign investment at priority development targets in the country and achieve better results.

SRV: Agricultural Development Requires \$1 Billion
BK2407082196 Hanoi VNA in English
0703 GMT 24 Jul 96

[FBIS Transcribed Text] Hanoi VNA July 24 — Vietnam is in need of about USD 1 billion of foreign investment capital for some 90 projects to develop a com-

prehensive agricultural economy from now to the year 2000, it was announced at the recent 'Europe-Vietnam Forum' on business and investment opportunities in agriculture and food processing in Vietnam.

At the forum, which was held in Can Tho City in the Mekong River Delta, the Ministry of Agriculture and Rural Development said the projects are geared towards achieving the target of yielding 32 million tonnes of rice, 1 million tonnes of sugar, 260,000 tonnes of coffee beans, 280,000 tonnes of dry rubber latex, 200,000 tonnes of cashew nuts, 65,000 tonnes of dry tea, 3 million tonnes of fruit, 7 million tonnes of vegetables, 2 million tonnes of meat and 60,000 tonnes of milk by the year 2000.

The projects include 18 in rubber planting and processing with a combined investment capital of USD 248.2 million, 10 in sugarcane planting and sugar processing in need of some USD 300 million, seven in coffee planting and processing requiring USD 242 million, 13 in tea planting and processing which need USD 32.9 million, and 26 in vegetables calling for USD 160.25 million.

Foreign investment projects in agriculture and food processing will be entitled to preferential treatment in taxation and land rental as well as other support from the government for their effective operation. This is addition to incentives provided for in the law on foreign investment such as profit taxes ranging from 10- 30 per cent or lower for enterprises in industrial zones and export processing zones as compared to 30-50 per cent levied on domestic businesses.

The ministry estimates that by the end of May this year, or over eight years since the law on foreign investment came into effect, there had been 184 foreign-invested projects in agriculture receiving a combined USD 962 million of foreign investment capital. They represented 9.6 per cent of the total number of projects and 4.2 per cent of the capital poured into the country. A great number of them (122) were in the form of joint ventures with a combined capital of USD 615.88 million, and 55 were 100-per cent-foreign- owned businesses capitalised at USD 330.5 million.

Besides foreign investment, other capital sources include foreign Official Development Assistance (ODA) and international and non- governmental organisations, usually in the form of technology transfer.

Australia

Australia: Japan's MITI Minister Tsukahara Meets With Howard

OW1907022496 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 18 Jul 96 Morning Edition p 5

[Article by Hiroaki Terajima]

[FBIS Translated Text] Canberra, 17 July — Shunpei Tsukahara, minister of international trade and industry, who is visiting Australia, held a meeting with Australian Prime Minister John Howard at the Parliament House in Canberra on 17 July.

This was the first meeting between Howard and a Japanese cabinet minister since the coalition government of the Liberal Party and the National Party took over power in Australia last March.

Howard, who has chosen Japan as the destination of his first overseas trip as a prime minister, will come to Japan on 7 August. He indicated during the meeting that, "defining the proper role of Japan-Australia relations is an important issue that needs to be tackled first in the new Australian government's foreign policy."

Australia: Accord With Mexico on Lowering Wool Tariff Signed

BK1907083996 Melbourne Radio Australia
in English 0500 GMT 19 Jul 96

[FBIS Transcribed Text] There is some good news for Australian wool producers. The Australian and Mexican Governments have reached an agreement to lower the tariff for semi-processed Australian wool entering Mexico by 10 percent.

Deputy Prime Minister Tim Fischer says the agreement is significant because Mexican-produced clothing can easily be sold in the United States and Canada — a market of nearly 300 million people — through the North American Free Trade Agreement.

Australia: Downer Denies Backing Down on Scrapping DIFF Scheme

BK2407054996 Sydney THE SYDNEY MORNING
HERALD in English 24 Jul 96

[Report by David Lague—received via Internet]

[FBIS Transcribed Text] The minister for foreign affairs, Mr. Downer, yesterday denied reports that the government had backed down on its decision to scrap a low interest loan scheme from Australia's overseas aid program.

Mr. Downer said in Jakarta that the government had axed the \$124 million [Australian dollars] Development

Import Finance Facility (DIFF) but was prepared to consider funding projects that had been in the pipeline under the dumped scheme if they met guidelines on humanitarian aid and poverty alleviation.

It is understood, however, that very few projects that had been eligible for DIFF funding will meet the criteria for humanitarian and poverty relief under the general aid budget.

Mr. Downer said it was understandable that the countries that had been the major beneficiaries of DIFF—Indonesia, China, Vietnam and the Philippines—would be disappointed that the cheap loans had been withdrawn.

However, reports that the Government had reversed its decision in the face of a regional outcry were incorrect.

"There is no question of that," he said. "We have made the decision to abolish the program."

The Opposition called for Mr. Downer to be sacked, and claimed Labor had forced "a crushing reversal on the coalition government". Its spokesman on foreign affairs, Mr. Laurie Brereton, described Mr. Downer's press conference as "another extraordinarily inept performance which will be treated with scorn".

"He is a hopeless joke of a foreign minister—a national embarrassment and disgrace," he said.

In a bid to ease tensions with these key regional governments, Mr. Downer has written to them offering to consider their top priority aid projects for funding under the bilateral aid budget. He said yesterday that this gesture had been "well received" by the Philippines secretary for foreign affairs, Mr. Domingo Siazon, when they met for talks on Monday ahead of the ASEAN Regional Forum now under way in Jakarta.

He would discuss the offer with the foreign ministers of China, Indonesia and Vietnam later in the week.

Mr. Downer was forced to make a humiliating apology last month for misleading Parliament over protests from regional governments about the dumping of DIFF, but he insisted yesterday that Australia's ties in the region were unharmed. "It is absolute nonsense to say that the basis of Australia's relationship with the region hinges on the development aid program," he said.

The umbrella organisation for Australia's overseas aid groups expressed concern that the new funding arrangements for DIFF projects could squeeze funds for real humanitarian aid.

The executive director of the Australian Council for Overseas Aid, Ms. Janet Hunt, said the right decision

would be to restore to the aid budget the \$124 million cut from DIFF and to ensure all of it was used for projects that would reduce poverty.

The deputy prime minister and minister for trade, Mr. Fischer, said Mr. Downer's move to canvass the funding of some high-priority projects using mixed credits through bilateral country programs would not lead to any increase in outlays.

Australia: Upcoming AUSMIN Talks With United States Viewed

BK22070/5596 Sydney THE AUSTRALIAN
in English 22 Jul 96 p 11

[Article by Rawdon Dalrymple, president of the Australian Centre for American Studies: "An Old Partnership Continues To Grow"]

[FBIS Transcribed Text] It will become obvious this week that Australia's closer relationships with Asia in no way detract from our relationship with the United States, but in fact complement and strengthen its substance.

Symbolism is important in the conduct of international relations. For example, Australian prime ministers now make their first overseas visits to East Asian countries. Previously they went first to the US.

John Howard is off to Asia next month but, beforehand, he will have a direct and prominent involvement in this week's Australia-United States ministerial consultations (AUSMIN), the annual talks that in 1985 replaced the ANZUS [Australia, New Zealand, and the United States] council meetings.

From the outset he has placed his personal stamp on the formulation of the Government's policy towards the US and he has directed that the purpose of that policy should be to "reinvigorate" the relationship.

The Prime Minister will chair the first session of the AUSMIN on Friday and host a small dinner for the principal participants that night. Friday is also Howard's birthday, which invests the occasion with some reinforcing celebratory symbolism.

The Howard Government was quick to make it clear that the commitment to enhancing Australia's engagement with Asia would be maintained. On the part of Howard, Foreign Affairs Minister Alexander Downer and Defence Minister Ian McLachlan, there is a lively recognition of the interdependence between that set of regional relationships and our alliance relationship with the US. It has long been clear that Australia's relevance to the US, and hence our standing in Washington, is measured significantly in terms of our acceptability and

effectiveness in our region — East Asia. It has also been clear that Australia's defence capacity is dependent on access to superior US technology and practice, and on the close and effective intelligence co-operation between the two partners.

This will be the first AUSMIN for the new Government and it is a bonus that it is Australia's turn to be host. For the first time at an AUSMIN in Australia, the US side will be represented by all three US principals — the Secretary of State, Warren Christopher, the Secretary of Defence, William Perry, and the chairman of the Joint Chiefs of Staff, John Shalikashvili.

It is a major event in the evolution of our relationship with the US, and an important opportunity in the shaping of Australia's place in the region and the world. From the US side, it is important in the development of policy and diplomacy in the Asia-Pacific region, an area where the Clinton administration was widely perceived to have been slow to develop a coherent and effective approach.

Besides the broad purpose of reinvigorating the relationship and the alliance, the Australian objectives and related message for this AUSMIN have mostly to do with seeking to lock in US engagement in the region, both in military and economic terms, and with encouraging positive developments and elements in US policy in the region.

Bilateral and regional issues affecting China, Japan and the members of the Association of South-East Asian Nations will be prominent, with the Australian side supporting major elements of US policy, but emphasising the importance of building constructive opportunities and linkages with China, and avoiding anything that might appear to have the objective of containment.

There is concern and wariness about China in some quarters in Washington, and it is timely to encourage the Clinton administration to push forward with constructive engagement efforts.

The Australian Government also wants to explore with the Americans how they see the development of Japan's regional and global roles.

Because of Australia's strong focus on ASEAN and the depth of expertise at our disposal, the US pays considerable attention to our analyses and views in that context.

It is an important Australian objective to ensure that the US has what we would see as the level of close and positive engagement with ASEAN and its members needed for US policy fully to reflect ASEAN's growing weight, and to maximise the opportunities for moving

in harmony on the great regional issues of economic co-operation and security. Against that background, the Australian side will want to share with the US side our sense of the landmark nature of the Australia-Indonesia security agreement concluded at the end of last year.

Another major Australia objective is to counter those Washington voices that are sceptical about the Asia-Pacific Economic Co-operation group and the ASEAN Regional Forum [ARF]. The objective of ensuring serious US contributions to the construction of APEC and the ARF is at least as strong as under Labor.

Some years ago it was widely believed that technological changes, the ending of the Cold War and the realignment of priorities as a result would lead to a downgrading of the joint facilities located in Australia and other co-operative activities. The reverse has been the case and our intelligence co-operation is more important to both of us than it ever was, including in terms of wider international objectives such as non-proliferation of nuclear weapons.

It has also been an objective of the Howard Government to strengthen defence co-operation with the US.

There are capacities and facilities here that could be made available to the US in the context of facilitating its continuing military engagement in the region. Some more ambitious possibilities seem not to have been taken up by the US side, but it is expected that there will be agreement on the provision of training facilities in Australia for US Marine Corps personnel. There is an evident desire by the Australian Government to ensure that the defence relationship shares in the revitalisation of the overall relationship that they are seeking.

Australia: Article Examines Military's 'Project Takari'

BK2207011896 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 2 Jul 96 p 49

[Article by John Stackhouse: "Australia Learns Vital Lesson From The Gulf War"]

[FBIS Transcribed Text] The Gulf War showed that brains beat brawn. Iraq lost to a smaller force because it was a generation or more behind the allies in the shadowy world of command, control, communications and intelligence (C3I).

The air strikes against communications nodes and control centres decapitated its command framework.

The lesson for the world's military: C3I can win conventional wars.

In few institutions has this been taken more to heart than in the Australian Defence Force (ADF).

Australia is looking at a security environment turned on its head after the end of the Cold War. It also has to face the fact that it no longer holds regional superiority in weaponry.

If the ADF cannot retain this edge, it can be smarter, the generals decided. It collects and has access to better intelligence. It is refining its command system to use its assets more efficiently. The civil infrastructure provides leading-edge communications and high-grade technical support.

Apply all these to the military and you have an edge in C3I, and information warfare (IW) — which involves attacking an enemy's C3I and protecting one's own, from hacker assaults, air strikes or destructive electronic pulses.

An ambitious, 15-year program, Project Takari, which will require the intimate involvement of Australian industry, is the means to this end.

Takari will use open systems, so developers and users can choose from a wide range of commercial "off-the-shelf" hardware. The information must be accessible to the entire ADF.

This will require advanced encryption so sensitive intelligence and operational data will be immediately available to commanders. The data will include voice, video and graphics, such as maps and diagrams, as well as text.

Takari will develop software and Internet techniques, so field users can search for information using browsers such as Netscape and its derivatives.

Because the C3I network will be closed and accessible only to the defence community, it will become one of the nation's most comprehensive intranets. Radio and satellite links will link army commanders in the field, the navy at sea and even aircraft.

In the US, where information flow is being analysed, the term "command-push, warrior-pull" is used. Data such as enemy movements and situation analyses will routinely be supplied to units that are in action.

A field commander with a notebook computer can call up maps, situation reports and enemy deployments or any unanticipated information he or she needs. Senior commanders can videoconference with subordinates and staff.

The aim, to use another phrase in the jargon, is to "get inside the opponent's decision loop". Our commanders, ideally should quickly be able to get all the information they need to make an assessment of their position and that of the enemy, then issue orders and have their forces

moving while their opponents are still puzzling out what is happening.

Takari was broken down into:

- Strategic planning for future generations of C3I systems and IW, including interoperability with Australia's allies.

- Development of a top-level architecture; for ADF systems.

- Studies of key emerging technologies which will affect capabilities, including access to distributed information systems.

- IW, including the protection of the nation's communications, information systems and command and control processes, as well as the ability to exploit and deny any enemy's use of its C3I systems.

- Distribution and integration of surveillance and intelligence product into the command and control system, then ultimately integration of this into weapons systems across all levels of command.

- The use of commercial technologies and standards.

- Consideration of the development of a "sustainable" C3I/IW capability in Australian industry.

Key technologies in the future will be driven by the civilian marketplace and equipment will fall in cost because of competition in the bigger civilian market. However there will always be some niches for militarily significant technology, Takari papers say.

These include "classified technologies such as surveillance and information collection, covert communications, electronic countermeasures, cryptology and information security".

Takari is designed to take a balance between short-, medium- and long-term research, including what DSTO [Defense Science Technology Organization] and describes as "high-risk, potentially high pay-off" research designed to expand knowledge in various fields.

The Takari papers point out that it will be essential to involve Australian companies in R&D [Research and Development] at the earliest possible stage.

To achieve this, DSTO is already forming alliances to establish "systems houses" to provide high-level analysis of C3I issues, to survey and advise on policy and standards and to develop architectures and specifications for interoperable systems. DSTO has set up a command and control systems inter-operability laboratory (CCISIL) at its Fern Hill establishment outside Canberra to explore these concepts.

Software giant, Computer Science Corporation of Australia, has already won the first contracts for the CCISIL.

A company involved in the overall Takari plan, would take its equipment and software and plug it into the CCISIL, which would operate as an ADF command centre, to ensure it works properly.

Takari envisages three phases, each of five years:

- 1996-2000, leading up to the establishment of HQ Australian theatre.

- 2001-2005, when HQAST will become fully functional, along with further projects.

- 2006-2010, implementing an integrated C3I and IW system, arising from the earlier work.

Each phase will also be a matrix of three categories: short (0-1 year) projects, medium (1-5 year outcomes) and long (5-15 year outcomes).

Australia: Four 'Project Wedgetail' Aircraft Planned by 2003

BK2207011696 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 2 Jul 96 p 48

[Report by John Stackhouse]

[FBIS Transcribed Text] Project Wedgetail, named after the keen-eyed eagle of the outback, is the name assigned to procuring and developing the long-awaited airborne early warning and control system (AEW&C).

Wedgetail will cost at least \$1.5 billion [Australian dollars] before an estimated four aircraft come into service about 2003.

It is a huge task for Australian companies, which will partner foreign ones for the big contracts. For some it will mean a lifelong dedication to these big and expensive radar pickets, which will carry controllers who can take charge of engagements. The RAAF [Royal Australian Air Force] anticipates Wedgetail will have a life of 25-30 years.

The AEW&C system will consist of aircraft carrying a big radar, command systems and other sensors and supporting communications.

Wedgetail specifications call for enough aircraft with the reliability to rotate a constant presence, 300 nautical miles (540km [kilometers]) out to sea for up to 30 days.

But Wedgetail will also have a role in peace. Patrolling hundreds of kilometres off the coast, AEW&C will pick up such intruders as drug runners, illegal immigrants and poaching fishing boats at much greater distances than the present Coastwatch patrols.

Wedgetail breaks new ground for the RAAF.

The RAAF has spelt out the performance it wants and is leaving industry to suggest the best way of achieving the results, in some cases being willing to trade off performance against lower costs.

It accepts that no off-the-shelf system will meet Australian needs and is prepared to share some of the risk of putting together an Australian system.

The project will fund three competing design studies, beginning later this year, from which a winner system will be chosen. If required, the RAAF can select good ideas from rival proposals.

There is a strong emphasis on security and maintenance of intellectual property.

Wedgetail requires a main radar providing a 360-degree coverage with the image "refreshed" every 10 seconds.

It needs to be able to track a fighter-sized aircraft at 340km, a sea-skimming missile such as Harpoon at about 110km and a helicopter or patrol boat at 215km. Apart from the radar there will be passive sensors to pick up electronic emissions, such as hostile radars and possibly infrared ones which "see" heat images.

The RAAF expects the main fleet will be based at RAAF Williamtown, north of Newcastle, but aircraft will continuously be deployed to Tindal, near Katherine in the Northern Territory and from there out into the field.

Australia: Contract for Newly Built Armored Carrier Viewed

BK2207005096 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 2 Jul 96 p 46

[Article by Colin Menzies: "Partnership Battles For Large Vehicle Contract"; all currency in Australian dollars]

[FBIS Transcribed Text] A Queensland-based partnership between two of the world's larger engineering companies is hoping to snare an Australian Army contract worth between \$250-\$400 million.

Australia's ANI Corp and South Africa's Reunert Mechanical Systems (Reumech) have joined forces to form Australian Specialised Vehicle Systems (ASVS), which has designed the all-new armoured troop carrier.

ANI has 51 per cent of issued share capital, while Reumech controls 49 per cent. The joint venture, ASVS, has invested \$10 million developing a prototype vehicle into a fully operational pre-production model.

ASVS's troop carrier has been designed under the Army's Project Matilda specification, which calls for

the supply of between 317 to 570 "infantry mobility vehicles" with at least 70 per cent local content.

Ross McNeil, general manager of ASVS, said he was quietly confident his company would win the tender against two other short-listed companies, British Aerospace Australia and US engineering giant Perrys.

The troop carrier uses the engine, drive train and running gear from Mercedes-Benz's four-wheel drive Unimog all-terrain vehicle. The armoured bodywork is all USVS's design, using the long experience of its South African partner in the construction of armoured personnel carriers.

Figuring large in the troop carrier's sales pitch is its protected passenger compartment designed to withstand land mines and small arms fire while carrying a crew of 11 combatants.

Mr McNeil said: "Our main aim is to have a capsule, which is the centre capsule, to survive any land mine blasts and we've tested that with double landmines already and you'd walk away from that."

He said successful tests were conducted using water dummies designated to emulate a human being sitting down. If any water had split from the dummies in the blast, the vehicle would have failed the test.

He said the troop carrier's underbelly was V-shaped to help disperse the heat and pressure of a blast. The seats had been designed so troops inside would not sustain spinal injuries in a blast.

The company has done 10,000 km [kilometers] of testing around Australia with a pre-production vehicle, including crossing some of the most inhospitable desert country in the interior. The 10,000 km was done in 10 days, with about two-thirds being cross-country travelling.

USVS says the vehicle can travel comfortably (and non-stop for 1,000 km) on the open road at 100 km/h [km/hour], yet still negotiate inhospitable off-road terrain, including gradients of up to 70 per cent and water crossings of 1.2 metres.

Its six-cylinder Mercedes-Benz turbo diesel engine develops 157kW [kilo-watt] of power and 660Nm [Newton-meter] of torque. The manual transmission provides eight forward and eight reverse gears.

If the troop carrier does hit a landmine, USVS claims it can be underway again within 30 minutes, even less if the vehicle has been fitted with the optional run-flat rim inserts.

But, regardless of the tyre options, the vehicle is claimed to be able to withstand a mine blast equal to 14 kg [kilogram] of TNT anywhere under the vehicle.

Mr McNeil said he would dearly love to be able to export the vehicle to Asia as well as supply the Australian Army. But worldwide arms embargoes meant government permission would be required before it could be sold to our near neighbours.

ASVS is believed to cost the vehicle at around \$350,000 per vehicle.

If the company is awarded the contract and gets the go-ahead to begin production of the vehicles, the economy of Ipswich, would receive a much-needed boost.

Queensland politicians have been lobbying hard on behalf of ASVS, with several commenting that it was time to stop awarding all defence contracts "down south".

The Queensland Minister for Tourism, Small Business and Industry, Bruce Davidson recently said that if the bid were successful "the spin-offs for Queensland industry would be fantastic".

"We calculate that more than 20 other companies from all over Queensland will benefit by supplying everything from cooling systems to plastic mouldings for the construction of the vehicles," he said.

A decision on the contract is expected to be announced this month.

Papua New Guinea

Papua New Guinea: BRA 'May' Drop Independence Demand for Federated Status

BK2407054896 Sydney THE SYDNEY MORNING HERALD in English 24 Jul 96

[Article by Greg Roberts: "Peace Hopes Rise for Bougainville"—received via Internet]

[FBIS Transcribed Text] An end may be in sight to the eight-year Bougainville conflict, with both sides signalling yesterday that they were prepared to compromise on autonomy for the rebel province.

The Bougainville Revolutionary Army (BRA) indicated that it may drop its demand for full independence for the island, while the Papua New Guinean (PNG) foreign affairs minister, Mr. Kilroy Genia, suggested Bougainvilleans may be granted greater autonomy.

The BRA's international representative, Mr. Moses Havini, said the BRA and its political wing, the Bougainville Interim Government, would seriously consider a proposal from PNG's elder statesman, Sir

Michael Somare, for the island to be given substantial autonomy in a bid to end the conflict which has cost an estimated 10,000 lives.

The PNG Prime Minister, Sir Julius Chan, faces an election next year and is under particularly strong pressure to resolve the conflict because of the apparent failure of a five-week military offensive against the BRA.

Sir Julius said earlier this month he would look "constructively and positively" at proposals to give Bougainville greater autonomy.

During a debate on the conflict in the PNG Parliament last week, Sir Michael urged the government to consider making Bougainville a federated state, giving it a similar status to the Cook Islands.

Cook Islands is nominally independent but New Zealand maintains control of its defence, foreign affairs and some other matters. The United States has a similar relationship with several dependencies.

The PNG Opposition Leader, Mr. Roy Yaki, has urged the establishment of a bipartisan parliamentary commission to pursue a peaceful resolution.

Mr. Havini said such a commission would be a "step in the right direction" and the rebels were ready to talk peace.

In a significant concession, Mr. Havini welcomed the proposal to make Bougainville a federated state: "It is important for people like Michael Somare to come up with that sort of suggestion."

"It is welcome and it is being taken very seriously from our end, especially if it leads to further talks. Our people want self-determination and they want independence but those words are subject to a lot of interpretation. We want a satisfactory political solution acceptable to all parties."

However, Mr. Havini said talks should be held outside PNG because Sir Julius "cannot be trusted".

He nominated Cairns or Honiara as possible venues. Both cities have previously hosted peace talks which ultimately failed.

A spokesman for Australia's minister for foreign affairs, Mr. Downer, said the government would do whatever it could to help facilitate talks, including hosting another meeting in Australia.

Mr. Downer said in Jakarta that Mr. Genia had told him on Monday that Port Moresby's recent military offensive was not "all-out war" and his government

was now considering some form of autonomy for Bougainville.

"I naturally was delighted to hear that the PNG Government was taking a much more constructive approach to Bougainville," Mr. Downer said. ?

Mr. Genia was unavailable for comment yesterday because he had flown back to Port Moresby for an urgent parliamentary sitting.

Mr. Downer said he told Mr. Genia that Australia believed the conflict must be settled through negotiation, not by force.

He also gave a veiled warning that the further breach of agreements over the use of Australian-supplied military equipment could threaten defence assistance for PNG.

The PNG Defence Force recently used Australian-supplied military helicopters as gunships in its fight with the BRA, which was a clear breach of an agreement between the two countries that the aircraft would not be used in a combat role against the rebels.

The military offensive, involving an estimated 1,800 troops, has made no significant inroads into BRA-held territory.

Instead, it has left an unknown number of dead on both sides, soured PNG's relations with Australia and the Solomon Islands, and intensified the misery of more than 70,000 Bougainvilleans crowded into government-run "care" centres.

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